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RENMIN RIBAO ON DEBATE IN U.S. OVER TAIWAN ARMS

HK181031 Re: ing RENMIN RIBAO in Chinese 18 Dec 81 p 7

[Report from Washington by reporter Yuan Xianlu [5913 0341 4389]: "Domestic Debate in the United States Over the Issue of Arms Sales to Taiwan"]

[Text] Washington, 17 Dec -- A debate on Sino-American relations is being held in the United States with the main emphasis on arms sales to Taiwan.

Various U.S. newspapers and some famous personages have expressed their views one after another. Some people say that there is no need to sell weapons to Taiwan because it is a dangerous practice of interfering in China's internal affairs. Therefore, such an attempt should be stopped. Some people believe that the United States should handle the problem with great care because Sino-American relations are a matter of primary importance. Others maintain that the United States can settle the problem by itself regardless of China's opposition.

Some articles published in U.S. newspapers openly clamor: "Legally and morally, Beijing has no right to oppose U.S. arms sales to Taiwan." Some people say arrogantly that the place where U.S. policy for Taiwan is worked out is in Washington, not Taiwan. China has no right to attend to a matter which is related with its sovereign rights. A number of Americans think that such a view is too arrogant.

Leonard Unger, the U.S. former "ambassador" to Taiwan before the establishment of Sino-American diplomatic relations, wrote a letter to the New York TIMES. He said that if the above-quoted view is justifiable, China can also say that "legally and morally the United States has no right to interfere in the activities carried out by foreign countries in Hawaii."

Cohen, a professor of the history department of Harvard University pointed out in his letter to the New York TIMES: "Beijing has warned that it will react against any acts of interference in China's internal affairs. This certainly has not overstepped the practice which a sovereign nation should uphold."

Some famous personages in the United States point out that if the United States persists in its attempt to sell weapons to Taiwan, the consequences will be very serious.

Phillips, chairman of the National Council for U.S.-China Trade, wrote recently: "It seems almost certain that the relations between the United States and the People's Republic of China will fall back to the tense and sticky state before the establishment of diplomatic relations in 1979, and this will unavoidably produce a negative influence on trade and important strategic relations."

Doak Barnett, a specialist in Chinese affairs at the Brookings Research Institute, pointed out: This influence will not only be restricted to the relations between the two countries, "even the initial shock wave will receive broad international response. The closest allies of the United States, in particular, will doubt the ability of the United States to deal with complicated and delicate diplomatic questions."

Other Americans pointed out: What is more important is that the United States will thus be placing itself in a more difficult strategic position. No wonder Senator Jackson warned recently: Any policy the U.S. Government pursues which leads to a change of its strategic relationship with China is but playing with fire. Neither does it accord with the interests of the United States.

Strategically, the United States needs to develop its relations with China. But, on the other hand, it is reluctant to give up its "two China" policy which infringes upon China's sovereignty. This contradictory attitude of the United States is just where the crux of the present problem lies. If this contradiction is not solved, the U.S. Government will always be in an awkward situation in handling its relations with China.

An old Chinese saying goes: Whoever started the trouble should end it. This problem of the United States' China policy should be solved by none other than the United States itself.

The American Baltimore SUN pointed out: The reunification of China accords with the interests of the United States. The final decision of the U.S. policy toward China should be "keeping cool" and not "being involved" in it.

Former White House Presidential National Security Affairs Adviser Brzezinski recently proposed that the U.S. Government should reassure that it will not pursue a "two China" policy through the back door.

These are all wise views. People will wait and see how the U.S. Government will act on the question of selling arms to Taiwan.

REAGAN DISCUSSES USSR, POLAND WITH VATICAN ENVOY

OW161614 Beijing XINHUA in English 1539 GMT 16 Dec 81

["U.S. President Warns Soviets Against Intervention in Poland"--XINHUA headline]

[Text] Washington, December 15 (XINHUA) -- U.S. President Ronald Reagan said today that any Soviet intervention in Poland "would be taken most seriously" by his country and its allies. The President made the statement in the Oval Office today when meeting with a senior official from [the] Vatican to discuss the situation in Poland.

"We've said that very many times -- the whole Western world has said -- intervention by the Soviet Union would be taken most seriously," Reagan said.

Referring to the question whether the Polish Government is acting under Soviet pressure, the President said, "it would be unwise to just make a supposition, we'll wait until we know more."

In another action related to the Polish situation, the U.S. Senate today reaffirmed its support of a legislation, calling for a total embargo on trade with the Soviet Union if it intervenes militarily in the situation in Poland.

Meanwhile, State Department officials have met with Polish Ambassador Romuald Spasowski at the State Department for the third day today. During the meeting, a department spokesman said, the United States does "reflect our continuing concern about the situation in Poland." [sentence as received]

Haig on Food Aid

OW151241 Beijing XINHUA in English 1209 GMT 15 Dec 81

[Text] Washington, December 14 (XINHUA) -- U.S. Secretary of State Alexander Haig said here today that the United States is going "to hold in abeyance decisions" on further food aid to Poland "until the situation there is clarified."

Haig, who hurried back from Brussels this afternoon in view of the current situation in Poland where martial law was enforced on Sunday, told reporters at the Andrews Air Force Base that U.S. "food and humanitarian relief already in the pipeline will proceed."

Haig pointed out that "negotiation and compromise among the people of Poland" offered the best solution to the Polish problems and "any external intervention would represent repressive action which would have lasting consequences in East-West relations."

In response to a question about the threat of interventionism, Haig said, "We have been watching that situation carefully."

CHINA DAILY INTERVIEWS BRITISH TRADE MINISTER

HK160130 Beijing CHINA DAILY in English 16 Dec 81 p 2

[By Xu Yuanchao and Qin Xiaoli]

[Text] Britain would be delighted if the Chinese Government would buy Concorde, the supersonic airliner, Peter Rees, British minister for trade, declared in a 20-minute exclusive interview with the CHINA DAILY at his guesthouse in Qianmen Dongdajie, Beijing, on Saturday evening.

He said: "There are some representatives of British Aerospace over here but they are trying to sell a different sort of plane, which I think, is perhaps of more use to China at the moment.

"It would be for the internal feeder services, which because you are such a big country are probably more important than your international services."

Speaking of his major task during his visit to China, Rees said: "It's not the first time I have had the pleasure of coming to China; I came as a member of a British Parliamentary delegation in 1972, so I had a chance to see a little of China then, but of course I had no government responsibilities at the time.

China's Priorities

"Now I come as the minister of trade because Britain regards economic and political relations with China as extremely important.

"I am anxious to assess the possibilities of expanding trade between our two countries.

"I want to find out what are the priorities in the Chinese Government's mind. I want to know the areas where British firms could concentrate their efforts to make a contribution to the development of China.

"When I get back I can report to British companies which are interested in the Chinese markets where they can make a special contribution.

"I have had some extremely interesting talks with my host, the minister of foreign trade, and with the ministers of petroleum industry and of electric power industry and finally with Vice Premier Gu Mu.

Opportunities

"I am concerned with finding out what the opportunities are so that I can encourage British companies operating in any particular field to come out and contact a ministry or indeed the provincial authorities, to explore our good services, but I myself do not have responsibility in signing any particular contracts.

"We have been very interested to find out what are the Chinese Government's priorities. We have been told they attach particular importance to improving and modernising Chinese agriculture.

"Naturally I will be concerned to report to those companies who can make contributions in this field, and indeed we have a body called the Agricultural Export Council that has already been operating in Inner Mongolia.

"There are also many British companies who are interested in processing and storing food. I will try to encourage them to contact Chinese ministries and provincial authorities.

"We were also told by some of the ministers that the government attaches great importance to modernising and increasing the efficiency of your medium and light industry."

Rees has now left for Xian, Shanghai and Guangzhou. While in Shanghai, he will visit the marine technology exhibition, where 28 British companies are exhibiting. They form the biggest single group of national companies. He also plans to have a talk with the Guangdong provincial authorities, finishing his visit in Guangzhou.

TURKISH FOREIGN MINISTER TURKMEN ARRIVES 17 DEC

Huang Hua Hosts Banquet

OW171714 Beijing XINHUA in English 1641 GMT 17 Dec 81

[Text] Beijing, December 17 (XINHUA) -- Huang Hua, vice-premier and minister of foreign affairs, gave a banquet at the Great Hall of the People this evening for Ilter Turkmen, foreign minister of Turkey, Mrs. Turkmen and their party.

Speaking on the Middle East situation, Huang Hua said: "Of late, the Israeli authorities brazenly decided to apply Israeli law to the Golan Heights. This is a new instance of the policy of expansion they have obstinately pursued. Their insolent decision to annex the Golan Heights has aroused the utmost indignation of the Arab people and all the other peace-loving peoples of the world."

He stated the Chinese Government's consistent view that whatever measures taken by the Israeli authorities to perpetuate their occupation of Arab territories are illegal and null and void. "We will unswervingly stand by the Palestinian and other Arab peoples and resolutely support them in their just struggle to recover the lost territories and regain their national rights," he said.

Huang Hua called the Turkish people industrious, courageous and talented. "Under the leadership of the National Security Council led by General Kenan Evren, head of state of Turkey, the Turkish people have scored new achievements in ensuring internal stability, developing the economy and building their country," he said.

On Sino-Turkish relations, Huang Hua said since the establishment of diplomatic relations ten years ago, friendly relations and cooperation have developed satisfactorily on the basis of the five principles of mutual respect of each other's sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit and peaceful coexistence. "Strengthened friendship and cooperation between China and Turkey is not only in conformity with the desire of our two peoples, but also in the interests of peace in Asia and the rest of the world. The Chinese Government and people highly cherish their friendship with the Turkish people, and will work to consolidate and develop their friendly relations," Huang Hua said.

In his speech, Turkmen said "no matter the differences in our political, economic and social systems, we share the common aim of providing better economic, social and cultural conditions of life for our peoples together with stability and security. The two countries share identical views on many international issues, he said, and this provides a solid foundation for bilateral relations.

He said, "The Turkish Government is prepared to expand contacts and cooperation with the Chinese Government. We Turks are watching with keen interest the progress China has achieved in various fields."

Speaking of the Middle East situation, Turkmen expressed his sorrow and condemnation over Israeli annexation of the Golan Heights. The conflict is still going on, he said. It has been proved that a solution to the problem is impossible if the root causes are not removed. The Palestinian people must be given the right to create their own state, and Arab land occupied by Israel must be returned, he said. He also condemned the occupation of Afghanistan and Kampuchea by foreign aggressive forces.

Turkish Ambassador to China Necdet Tezel and Mrs. Tezel were among the guests at the banquet. Also present were Huang Zhen, minister in charge of the Commission for Cultural Relations With Foreign Countries; He Ying, vice-minister of foreign affairs; Wang Runsheng, vice-minister of foreign trade; Wei Yuming, vice-minister of the Administrative Commission on Import and Export Affairs; and Zhou Jue, newly appointed Chinese ambassador to Turkey.

Turkmen and his party arrived here by air this afternoon. They were greeted at the airport by Foreign Minister Huang Hua and his wife He Liliang.

Hold Talks 18 Dec

OW180915 Beijing XINHUA in English 0815 GMT 18 Dec 81

[Text] Beijing, December 18 (XINHUA) -- Chinese Vice-Premier and Foreign Minister Huang Hua and Foreign Minister Ilter Turkmen of Turkey held talks here this morning in the Great Hall of the People. The talks proceeded in a friendly atmosphere. The two sides exchanged views on the situation in Europe, the Middle East and Gulf area and other major international issues, as well as on future relations between China and Turkey.

Vice-Premier Huang Hua said, China and Turkey share many common views on major international issues. "The two countries cooperate well in international affairs. The friendly relations between the two countries are continuing to develop," he said.

Foreign Minister Turkmen elaborated the Turkish Government's position on the Mideast and Cyprus questions. Referring to the Cyprus question, he said that the two communities on the island should solve their problems through talks.

Taking part in the talks on the Turkish side were Necdet Tezel, Turkish ambassador to China; Oktay Iscen, assistant secretary-general for economic affairs of the Foreign Ministry; and Halit Guvener, director-general for Eastern European and Far Eastern affairs of the Foreign Ministry. Taking part in the talks on the Chinese side were Vice-Minister of Foreign Affairs He Ying and the new Chinese Ambassador to Turkey Zhou Jue.

Prior to the talks, the Turkish foreign minister laid a wreath at the Monument to the People's Heroes.

NI ZHIFU, TRADE UNION GROUP END SPAIN VISIT

OW170900 Beijing XINHUA in English 0821 GMT 17 Dec 81

[Text] Madrid, December 16 (XINHUA) -- The Chinese trade union delegation led by Ni Zhifu, chairman of the All-China Federation of Trade Unions, left here for home today at the end of a friendly visit to this country. During their stay in Spain, the Chinese guests met on separate occasions Marcelino Camacho, general secretary of the Trade Union Confederation of Workers Commissions of Spain; Nicolas Redondo, general secretary of the General Union of Workers; and Manuel Zaquirre, general secretary of the Workers Syndicalist Union. Both sides exchanged views on the experience of trade union activities and other issues of common concern. The delegation also called at the headquarters of the Spanish Communist Party and held talks with members of the Executive Committee of the Party Central Committee.

The Chinese trade unionists visited factories and farms in Madrid and Sevilla Provinces. They also toured a workers district. Chinese Ambassador Zhang Shijie gave a dinner yesterday in honour of the Chinese delegation. Spanish trade union and Communist Party leaders also attended the dinner. The Chinese guests arrived here on December 9 at the invitation of the Trade Union Confederation of Workers Commissions of Spain.

TRADE UNION GROUP HITS ISRAELI GOLAN DECISION

OW161534 Beijing XINHUA in English 1511 GMT 16 Dec 81

[Text] Beijing, December 16 (XINHUA) -- The organized Chinese working class today declared its firm opposition to whatever actions taken by Israel to change the status quo of the Golan Heights.

In a message to the General Federation of Workers' Union of Syria today, the All-China Federation of Trade Unions said that the Israeli Knesset's adoption of a bill virtually to annex the Golan Heights was expansionist in nature.

The federation reiterated the resolute support of the Chinese working class for the people of Syria and other Arab countries and Palestine in their just struggle to recover the lost territories and have their national rights restored to them. The federation expressed the belief that so long as the Arab people strengthen their unity and persevere in their struggle, they will certainly win final victory.

CONCLUDING COVERAGE OF VISIT BY SUDAN'S KHALIL

Geng Biao Luncheon

OW112150 Beijing Domestic Service in Mandarin 1200 GMT 9 Dec 81

[Text] Vice Premier of the State Council and Minister of National Defense Geng Biao gave a luncheon in honor of Gen' 'Abd al-Majid Hamid Khalil, first vice president of the Sudan, and other distinguished Sudanese guests on 9 December.

Visits Shanghai

OW111644 Beijing XINHUA in English 1623 GMT 11 Dec 81

[Text] Shanghai, December 11 (XINHUA) -- Sudanese First Vice-President 'Abd al-Majid Hamid Khalil and his party, in the company of Chinese Vice-Minister of Foreign Affairs He Ying, arrived here from Beijing by special plane this morning.

Before their departure from Beijing, Chinese Vice-Premier of the State Council Geng Biao went to state guest house to bid them farewell.

The Shanghai municipal people's government gave a banquet this evening in honor of the Sudanese guests. Mayor of Shanghai Wang Daohan told the visitors that Shanghai will establish a friendship bond with Sudan's biggest city, Omdurman. First Vice-President Khalil said that the friendship bond between the two cities will promote friendship between the Sudanese and Chinese people.

The first vice-president and his party visited the East China Textile Engineering Institute this afternoon, and he inquired about the students' study and their scientific research activities. The first vice-president then met in the institute with the Sudanese students and said he is satisfied with their studies. He thanked the institute for its care and training of the Sudanese students. Before leaving the institute, First Vice-President Khalil wrote in the visitors' book: "The teaching and scientific research of the institute have reached a fairly high level. The Sudanese students studying in the institute and the Chinese students get along well with each other, and this shows that there exists profound friendship between our two countries."

Visits Guangzhou

OW142343 Beijing XINHUA in English 1709 GMT 14 Dec 81

[Text] Guangzhou, December 14 (XINHUA) -- The Guangdong provincial people's government hosted a banquet this evening for 'Abd al-Majid Hamid Khalil, first vice-president of the Sudan, and his party. Vice-Governor Li Jianan and First Vice-President Khalil both proposed toasts at the banquet. Among those attending were Liang Weilin, vice-governor of the province; and Huang Ronghai, deputy commander of the Guangzhou units of the Chinese People's Liberation Army.

The guests arrived in Guangzhou from Shanghai by special plane yesterday with Chinese Vice-Minister of Foreign Affairs He Ying. They went directly to Conghua County and toured the science Conghua spring and inspected the Tianhu reservoir and small hydraulic power stations. Khalil showed interest in China's development of small hydraulic power stations and said the Sudan should learn from China's experience and develop such stations.

Departs for Home 16 Dec

OW161552 Beijing XINHUA in English 1524 GMT 16 Dec 81

[Text] Guangzhou, December 16 (XINHUA) -- Sudanese First Vice-President 'Abd al-Majid Hamid Khalil wound up his official visit to China and left here for home by special plane today. Before his departure, Khalil told XINHUA that he was very satisfied with the visit. It was very successful, and relations between the two countries would grow, he said.

He said contacts between the two countries have been good and their friendship is cemented on the basis of solid principles. "During my visit, I have seen no changes in China's principles, especially on fundamental issues," he said.

He said China will continue to support the people of the Third World in their struggle against hegemonism. Some big powers, he said, the Soviet Union in particular, try to distort China's relation with the Third World. However, this will never succeed. China will, as always, base its Third World relations on equality. China seeks no exploitation of or interference in the internal affairs of Third World countries. He hoped Third World countries will unite to free themselves from the spectre of imperialism and hegemonism.

Referring to the Middle East, Khalil said the issue is complicated and its settlement will influence the area and the world. There are only two ways to solve the problem, he said. The first is to resort to force and the other is to reach a just and peaceful settlement. The Sudan favors the second way. He said, by peaceful settlement, all rights of the Arab nations shall be restored. "We should solve the Middle East problem in the light of the resolutions adopted by the General Assembly of the United Nations, by the Islamic nations and by the nonaligned countries."

He urged all justice-upholding countries and peoples in the world to support the Arab people's struggle and press Israel to withdraw from all occupied Arab territory including Jerusalem. Arab nations should unite, he said, since the differences and confrontation among them only benefits Israel. He said the unity of the Arab world and that of Africa are also of primary importance, and the Sudan has made considerable contributions to it. At the same time, dialogue between the Arab world and Europe is beneficial for resolution of the Middle East problem. Only with the joint efforts of various parties can the Middle East problem be solved in a just way.

The Sudanese vice-president mentioned the eight-point proposal of Saudi Arabia for settlement of the issue. The Sudan favors this proposal, he said, since this is the first time a proposal has been raised by an Arab nation.

XINHUA COMMENTARY ON PROSPECTS OF GULF WAR

OW151249 Beijing XINHUA in English 1219 GMT 15 Dec 81

["Commentary: What Are Prospects of Gulf War? By XINHUA Correspondent Shuai Peng" -- XINHUA headline]

[Text] Tehran, December 15 (XINHUA) -- Fifteen months have elapsed since the outbreak of war between Iran and Iraq. The war has commanded the world's attention again in the wake of a series of recent attacks launched by Iran in the southern and western fronts. One may wonder what prospects of the war would be?

When the war broke out on September 22 last year, it was feared that it might quickly involve the whole Gulf region and the Middle East, and even the superpowers, and would thus be disastrous to the world's important oil resource. However, developments have shown otherwise. Since the beginning of this year, the two sides have been engaged only in exchanging light artillery fire and in skirmishes. And the war has gradually slipped from notice.

Late November, the Iranian troops launched a counter-offensive in Bostan, west of the oil-rich southern province of Khuzistan near the Iraqi border. The Iranians claimed to have recovered an area of 300 square kilometers including the strategic town of Bostan and cut the Iraqi front of 600 miles long and 3-8 miles deep inside Iranian territory. It seems that Iraq has suffered a setback.

On December 11, the Iranians again claimed victories during fighting in Guilan-E-Gharb and Sarbil Zihab, Kermanshah Province of the western front.

However, experienced military observers here do not believe any fundamental change in the war nor do they think Iran is now on an all-round counter-offensive. The balance of strength does not show that Iran has got the upper hand. True, Iran has a strength of 350,000 men in contrast with Iraq's 250,000. However, repeated purges in the Iranian armed forces, especially in the air force, and the grave shortage of technicians as well as spare parts and ammunition greatly restricted Iran's combat capability. The number of Iranian tanks capable of going into action is reported to be only one-fifth of Iraq's while the number of warplanes, half of Iraq's.

One condition favourable to Iran is that it is waging a war against the invaders. Even those who don't support the war dare not voice their opposition. Under the banner of "Unite against outside aggression," all internal differences, especially in the army, must be subordinated to national unity; under the slogan of "War first," all difficulties and hardships are made secondary. This may be why all international mediation efforts so far have failed. A Tehran businessman whose business has been going downhill since the Islamic revolution said: "I am having three meals a day, but I stand for continuing the war even if that means only one meal a day for me."

Experienced military observers also pointed out that by deploying eight divisions along the 600-mile front line from Abadan in the south to Ghasre-Shirin in the north, Iraq has put itself in a strategically passive position, for it can neither advance to win the war, nor retreat to its own land. Iran can select any point to stage an offensive against the Iraqi army.

But Iraq also has its own advantages. Despite the reduction in oil output owing to the war, many economic construction projects are still under way in Iraq. Foreign aid is still available to Iraq. It is reported that there is no visible effect of the war on Iraq's domestic market.

But the situation in Iran presents a different picture. Huge military expenditures plus 2 million war refugees have become a heavy burden and added difficulties to Iran's economic plight. An Iranian leader said recently that if the war ended, many economic difficulties at home could be solved.

At present, Iran's strategy is to weaken its enemy step by step while expecting changes to take place in the political situation of Iraq by taking advantage of Iraq's political dilemma. Therefore, judging from the political, military and other factors, there is still no end to the Gulf war in sight unless some abrupt changes take place in the political situation of the belligerents.

OAU HEAD THANKS PRC FOR SUPPORT OF UN CANDIDATE

OW171617 Beijing XINHUA in English 1501 GMT 17 Dec 81

[Text] Nairobi, December 17 (XINHUA) -- Chairman of Organization of African Unity and Kenyan President Daniel arap Moi today asked the Chinese ambassador to Kenya to convey his sincere gratitude to Chairman Ye Jianying and Premier Zhao Ziyang for China's support of (Sa'im Ahmed Salim), the O.A.U. candidate for the United Nations secretary general position. Moi expressed his gratitude today during a meeting with Chinese Ambassador Yang Keming at the state house.

Moi said that his visit to China last year marked a milestone in the history of the friendly relations between Kenya and China. He said he hopes cooperation continues between the two countries in various fields.

Ambassador Yang Keming conveyed to President Moi the best regards and good wishes from Chairman Ye Jianying and Premier Zhao Ziyang. He said that the Chinese Government is satisfied with the smooth developments of the relations between the two countries since President Moi's visit to China last year.

SEYCHELLES MINISTER STRESSES NONALIGNMENT

OW150931 Beijing XINHUA in English 0701 GMT 15 Dec 81

[Text] Victoria, December 14 (XINHUA) -- The mercenary invasion on November 25 would not affect Seychelles' non-aligned foreign policy, declared Seychelles Minister of Education and Information James Michel today.

In an interview with XINHUA at an exhibition showing guns and other proofs of the invasion, the minister dismissed any doubts as to a policy shift, saying non-alignment was the country's established policy.

Asked whether the invasion would have any effect on Seychelles' tourist industry, he said it would not have negative effect on the tourist industry, the country's major foreign exchange earner. He emphasized that Seychelles would carry on the established policy on tourism.

TEXT OF WANG BINGQIAN'S NPC FINANCIAL REPORT

OW141750 Beijing XINHUA in English 1503 GMT 14 Dec 81

[Text] Beijing, December 14 (XINHUA) -- Following is the full text of the "Report on the Final State Accounts for 1980 and the Implementation of the Financial Estimates for 1981" by Minister of Finance Wang Bingqian, which was adopted by the Fourth Session of the Fifth National People's Congress:

Report on the Final State Accounts for 1980 and the
Implementation of the Financial Estimates for 1981

(Delivered at the Fourth Session of the Fifth
National People's Congress on December 1, 1981)

Wang Bingqian

Minister of Finance

Fellow deputies, I have been entrusted by the State Council with making the report on the final state accounts for 1980 and the implementation of the financial estimates for 1981, which I now submit for your examination.

I. The Final State Accounts for 1980

In 1980, the whole people of our country, under the leadership of the Communist Party and the people's government, gave effect to the principle of readjusting, restructuring, consolidating and improving the national economy, and scored new achievements in production and construction. During that year, our state finances contributed to the growth of industrial and agricultural production and met the needs of investment in construction. While economizing on expenditures, we appropriately increased allocations for culture, education, public health work and science. On this basis, financial deficits were reduced as compared with the preceding year, and there was a turn for the better in the financial situation.

The final accounts for 1980 are essentially as follows:

Revenues totalled 108.52 billion yuan, or 102.1 per cent of the budgeted figure. Expenditures totalled 121.27 billion yuan, or 106.1 per cent of the budgeted figure. There was a deficit of 12.75 billion yuan, 4.31 billion yuan less than the previous year's 17.06 billion yuan. Of the total revenue in the final accounts for 1980, domestic receipts accounted for 104.22 billion yuan, or 101.3 per cent of the budgeted figure, and foreign loans totalled 4.3 billion yuan, or 126.9 per cent of the budgeted figure. Of the two major items of domestic receipts, income from the economic enterprises totalled 43.52 billion yuan, or 94.5 per cent of the budgeted figure, and tax receipts totalled 57.17 billion yuan, or 105.1 per cent of the budgeted figure.

The fairly good results for state revenues in 1980 were closely related to the increase in industrial and agricultural production. Because the peasants' enthusiasm for production rose with the implementation of the agricultural policies formulated by the third plenary session of the eleventh Central Committee of the party in December 1978, total agricultural output value increased by 2.7 per cent in 1980 as compared with 1979, despite serious natural calamities. The situation in industry was also good. Total industrial output value was 8.7 per cent higher than in 1979, with an increased proportion accounted for by light industry. There was an increase in the variety of many industrial products, an improvement in their quality, and a reduction in the consumption of energy and of raw and semi-finished materials for their manufacture. State plans for transport were overfulfilled. The total value of commodities purchased by the commercial departments and of retail sales registered a fairly big increase over 1979. Business was brisk in both urban and rural markets. All this played an important role in helping to realize the revenue targets for 1980.

The attainment of these targets was accomplished alongside the continued enforcement of several important economic measures. Since 1979, the government has successively adopted such measures as raising the purchasing prices of farm and sideline products, reducing or remitting taxes in certain rural areas, increasing the wages and salaries of workers and staff and providing more jobs, so as to promote agricultural and industrial production, increase peasant income and improve the living standards of our urban workers and staff. They have all yielded good results and will continue to do so. Their initial enforcement, however, unavoidably entailed temporary reduction in state revenues. In 1980, the outlay for them totalled over 33 billion yuan, more than 15 billion yuan above the 1979 figure. Of this sum, 16.8 billion yuan, or 8.5 billion yuan more than in 1979, went to raising the purchasing prices of farm and sideline products; 2.5 billion yuan, or 0.5 billion yuan more than in 1979, were accounted for by reduced or remitted taxes in certain rural areas; and 14 billion yuan, or 6.5 billion yuan more than in 1979, were spent on raising the wages and salaries of workers and staff, creating employment and issuing bonuses. Mainly because of these expenditures, state revenues in 1980 were lower than in 1979, even though industrial and agricultural production increased as compared with the previous year.

Of the total expenditures in 1980, domestic outlays amounted to 113.97 billion yuan, or 105.5 per cent of the budgeted figure, and appropriations for capital construction out of foreign loans amounted to 7.3 billion yuan, or 115.4 per cent of the budgeted figure.

The following were the principal domestic expenditures: Appropriations for capital construction totalling 34.64 billion yuan, or 111.7 per cent of the budgeted figures; funds for tapping the potential of existing enterprises and for financing their technical transformation and the trial-manufacture of new products, totalling 8.05 billion yuan, or 115.2 per cent of the budgeted figure; additional allocations of circulating funds totalling 3.67 billion yuan, or 98.6 per cent of the budgeted figure; financial aid to people's communes and other agricultural undertakings totalling 8.21 billion yuan, or 106.1 per cent of the budgeted figure; funds for culture, education, public health work and science totalling 15.63 billion yuan, or 105.4 per cent of the budgeted figure; expenditures on national defence and preparations against war totalling 19.38 billion yuan, or 100.3 per cent of the budgeted figure; and administrative expenses totalling 6.68 billion yuan, or 115.6 per cent of the budgeted figure. Administrative expenses exceeded the budgeted figure by a rather wide margin because the necessary additional organs were set up and staffed for improving the legal system and tightening up market control.

The 1980 expenditures helped to boost industrial and agricultural production. Eighty-two large and medium-sized complex projects and 216 large and medium-sized single projects were completed and commissioned that year. Increases in production capacity in 1980 were mainly as follows: coal extraction, over 8.2 million tons; crude oil extraction, over 5.7 million tons; installed capacity for generator sets, over 2.8 million kilowatts; iron ore mining, over 2.7 million tons; railways opened to traffic, more than 1,000 kilometers; loading and unloading capacity of harbours, more than 8.1 million tons; cold storage capacity for commercial use, over 180,000 tons; and storage capacity for food grains, 750,000 tons. There was a considerable increase in investment in urban housing, with a total floor space of more than 82 million square metres completed in 1980. With state assistance, farming, forestry, animal husbandry, sideline occupations and fisheries all expanded. The afforested area increased by over 4 million hectares. Total output of pork, beef and mutton reached more than 12 million tons, and that of aquatic products more than 4.4 million tons. Rural sideline occupations also grew fairly rapidly.

Expenditures in 1980 also contributed to the development of culture, education, public health work and science. The number of students newly enrolled in institutions of higher learning last year totalled over 280,000, in secondary technical, general and vocational schools, over 20.11 million, and in primary schools, over 29.42 million. More than 38,000 hospital beds were added, and there was some improvement in medical and health-care equipment. Scientific research institutions and personnel were reinforced, and more equipment was made available for them. Successes were scored in more than 2,600 major scientific research projects throughout the country, and 107 inventions were recognized by the state. The ten years of turmoil held up the development of China's culture, education, public health work and science, which are still far from meeting the needs of our construction programme. This problem has to be solved step by step as our financial resources increase.

The financial deficit for 1980 totalled 12.75 billion yuan, 4.75 billion yuan more than the budgeted 8 billion yuan. This increase was due mainly to overly high expenditures on capital construction. Expenditures for tapping the potential of existing enterprises and financing their technical transformation, for aiding agriculture, for financing cultural, educational and public health undertakings and for meeting administrative expenses were also somewhat in excess of the budgeted figure. Moreover, state funds for reserves of materials, which were not originally included in the budget but were to be covered by bank loans, were later appropriated out of state revenues, thus adding to expenditures.

In order to make up the deficit, 8 billion yuan was borrowed in bank loans in 1980 and 4.75 billion yuan was appropriated out of the revenue from state treasury bonds issued in 1981.

The general economic situation in 1980 was good, with the financial deficit somewhat smaller than in 1979 as a result of the concerted efforts made by all sections of the people. However, we are still confronted with considerable financial difficulties, with dangers latent in the national economy. The deficit of more than 17 billion yuan in 1979 was followed by another of over 12.7 billion yuan last year. Consequently we had to resort to bank loans again, leading to the issuance of more currency. The average retail price index rose by about 6 per cent in 1980, with prices of non-staple foodstuffs going up by 13.8 per cent. This shows that the financial problem remains a major difficulty in our economic development, which has to be overcome gradually through effective measures in line with the further readjustment of the economy.

II. Implementation of the Financial Estimates for 1981

Around the end of last year, the Central Committee of the party and the State Council held several meetings to take stock of the overall economic situation and analyse the existing problems. To exploit the favourable conditions and rid the economy of latent dangers, the Central Committee of the party set forth the policy of continuing to readjust the economy and achieving greater political stability and called for efforts to bring about a basic balance between revenues and expenditures and between credit receipts and payments as well as basic price stability in 1981. At the 17th meeting of the Standing Committee of the Fifth National People's Congress in February this year, Vice-Premier Yao Yilin, on behalf of the State Council, delivered a report on the readjustment of the 1981 national economic plan and of state revenues and expenditures, which the meeting examined and approved. The readjusted financial estimates put total revenues at 105.66 billion yuan and curtailed total expenditures to the same figure. Since it was anticipated that there might be further changes in the course of implementing these estimates, the meeting of the Standing Committee called on all quarters concerned to strive for a basic balance between state revenues and expenditures in 1981.

Some eleven months of the fiscal year 1981 have now passed, and fairly good results have been obtained on the whole, thanks to the efforts of the localities, departments and units to increase production, practise economy and overcome all kinds of difficulties. As the final accounts for 1981 will not be available until after the end of the year, I would like to report on the expected overall results.

Total revenues for 1981 should be 105.86 billion yuan, or 100.2 per cent of the estimate. Of this sum, domestic revenues should amount to 97.86 billion yuan, or 100.2 per cent of the estimate, and revenues from foreign loans to 8 billion yuan, or 100 per cent of the estimate. Of domestic revenues, taxes should reach 60.9 billion yuan, or 104.9 per cent of the estimate, judging from the fairly successful fulfillment of the estimates so far; and income from the economic enterprises should total only 34.72 billion yuan, or 92.9 per cent of the estimate, as current under-fulfillment of the estimates suggests.

Total expenditures for 1981 should be 108.58 billion yuan, or 102.8 per cent of the estimate. Of this sum, domestic expenditures should amount to 100.58 billion yuan, or 103 per cent of the estimate, and capital construction appropriations drawing upon foreign loans to 8 billion yuan, or 100 per cent of the estimate. The breakdown for domestic expenditures is essentially as follows: 25.06 billion yuan, or 103 per cent of the estimate, for capital construction appropriations; 5.83 billion yuan, or 115.9 per cent of the estimate, for tapping the potential of existing enterprises and for financing their technical transformation and the trial manufacture of new products; 7.3 billion yuan, or 98.5 per cent of the estimate, for aiding people's communes and financing other agricultural undertakings; 17 billion yuan, or 106.6 per cent of the estimate, for culture, education, public health work and science; and 16.87 billion yuan, or 101.2 per cent of the estimate, for national defence and preparations against war. Administrative expenses should reach 7.24 billion yuan, or 121.3 per cent of the estimate. This item will be significantly larger than the estimate figure mainly because improvements in public security, procuratorial and judicial work and the transfer of military officers to civilian jobs have entailed an increase in salary payments and administrative and operating expenses.

According to the above reckoning, expenditures this year will exceed revenues by 2.72 billion yuan, or 2.6 per cent of the estimate for balanced revenues and expenditures. It may thus be said that there will be a basic balance between revenues and expenditures this year. Great efforts were required to achieve such a basic balance after the imbalance in the previous two years with their annual deficit of over 10 billion yuan. This shows that the financial and economic situation in our country has taken a turn for the better. This major achievement is a great contribution to political unity and political and economic stability throughout the country and to the steady growth of the national economy.

Practice in the past year has shown that the state policy of continuing to readjust the economy and achieving greater political stability is entirely correct. The measures for readjusting the economy and balancing state revenues and expenditures accordingly adopted have yielded marked results.

First, we have vigorously developed agriculture and light industry and expanded the production of consumer goods so as to increase revenues. Agricultural and light industrial production provides the basic condition for satisfying the people's daily needs; it is the vital material foundation of market stability and increased revenues. As a result of carrying out the policies for the rural economy formulated by the party and government and of introducing various forms of the system of responsibility for production, farm and sideline output is steadily increasing, and the rural areas now present a thriving scene seldom known for many years. Despite this year's natural calamities, there should be an increase in total agricultural output value, which we estimate at about 4 per cent over 1980.

To speed up the growth of light industry and of the production of goods for everyday consumption, the state has given them first priority with regard to raw and semi-finished materials, power, transport and funds. It has also systematically reoriented the production of the metallurgical, chemical and machine-building industries so that, besides serving production and construction in other fields, they will meet market needs. There should therefore be an increase in the output value of light industry this year which we estimate at 12 per cent. With the sharp growth in the output of goods for everyday consumption, there are now more commodities on the market. This has substantially contributed to meeting the everyday needs of the people in town and country, to re-absorbing currency and to balancing revenues and expenditures.

Second, we have curtailed investment in capital construction to keep its scale in line with existing financial and material resources. Total investment in capital construction for 1981, it is estimated, should amount to 38 billion yuan, 15.9 billion yuan less than the 53.9 billion yuan last year; investments appropriated directly out of state revenues should account for 10.4 billion yuan of this reduction and those financed by localities, departments and enterprises themselves for the remaining 5.5 billion yuan. The state has taken such measures as the resolute suspension of projects which lack the necessary conditions for construction or for production after completion, and the suspension or postponement of overlapping projects which vie with existing enterprises for raw materials, fuel and power. Of the 1,714 projects originally scheduled for suspension or postponement in 1981, 1,546 were so dealt with in the first half of the year. Funds and materials were thus released for transfer to projects which can meet urgent production needs or can be completed and commissioned in a short time. These measures have not only saved financial and material resources and facilitated balancing revenues and expenditures but also speeded up key projects.

Third, we have cut some other expenditures in a planned way, while appropriately increasing allocations for culture, education, public health work and science. Estimated expenditures in these fields in 1981 should amount to 17 billion yuan, an increase of 8.8 per cent over the 15.63 billion yuan spent in 1980. Operating expenses for education, public health work and science should increase by 8.1 per cent, 7.2 per cent and 21.3 per cent respectively. Allowances for families of decreased servicemen and others, social relief funds and urban maintenance funds also show projected increase over 1980. This year, many areas in China were hit by floods, or suffered from droughts, of a severity rarely seen in history. The state allocated a total of 1.09 billion yuan as relief funds in order to help restore production and provide aid to people in the afflicted areas. Apart from the foregoing items, expenditures have generally decreased as compared with 1980. Total expenditures in 1981 (including appropriations for capital construction) are estimated at 13.39 billion yuan less than in 1980. This is essential for the achievement of a basic balance between revenues and expenditures. Cutting back on spending is, of course, an arduous task for the various localities and departments. Nevertheless, putting overall interests first, they have volunteered to shoulder the burden and fulfilled the requirements for reduced spending.

Fourth, we have raised the wages and salaries of part of the workers and staff, continued to provide jobs for our urban youth and further improved the living standards of the people in town and country. The state plans gradually to raise the salaries of those working in government offices and scientific, cultural, educational and public health departments where no bonus system is practised. As of October this year there have been increases in pay first for teachers and staff in primary and secondary schools and a section of the medical and physical culture workers. Owing to our limited financial resources, it will be only in the next two years that other personnel will successively get pay raises.

By the end of 1981, the state will have provided jobs through various channels for 8 million of our urban youth. Urban public facilities and housing projects continue to increase, with a total floor space of 80 million square metres scheduled for completion in 1981. Thanks to the growth of farm and sideline production and of trade at rural fairs, the peasants' living standards have improved significantly. The living standards of our people in both town and country are still rather low and housing conditions are rather poor. But there must be a material foundation for improving their livelihood, and this can only be achieved step by step concomitantly with increased production and revenues. The state has made strenuous endeavours in this regard in recent years.

Fifth, we have issued state treasury bonds and borrowed surplus funds from the localities. In order to meet the financial deficit in 1980, it was planned to issue state treasury bonds to the tune of 4 to 5 billion yuan in 1981. The nationwide sale of these bonds has been completed and has raised a total of 4.87 billion yuan. The task of borrowing surplus funds from the localities has also been satisfactorily fulfilled. According to the financial estimates for 1981, central authorities should have a deficit of 8 billion yuan, but the localities should have some surplus. Therefore, to balance state revenues and expenditures, the local authorities have been asked to lend 7 billion yuan or more to the central authorities. This measure has won the support of the local governments at various levels, almost all of which have contributed their respective shares.

Not only will state revenues and expenditures be basically balanced this year, but the situation concerning bank credit receipts and payments is also good. According to the estimate of the People's Bank of China, less currency will be issued this year than last. Only a small proportion of this issue is allocated to fiscal purposes while most is allocated to normal economic purposes, that is, to meeting the needs of expanded production, expanded channels of commodity circulation, and increased trade at urban and rural fairs. Thanks to the achievement of a basic balance between revenues and expenditures and between credit receipts and payments and to the further increase in commodities on the markets, plus the measures adopted by the state for tighter price control, the general price index rose by a narrower margin than last year, and the prices of basic daily necessities remain stable, in spite of the rise in the prices of some commodities.

Of course, we should be aware that the latent dangers in the national economy have not been completely eliminated. The basic balance between revenues and expenditures this year is not yet a stable one, because it has been achieved mainly by curtailing financial outlays. We will face considerable financial difficulties. For one thing, in the nature of the case the rate of growth in production cannot be very high while economic readjustment is taking place, which means that it will be some time before our revenues can increase rapidly. For another, state price subsidies for many items will increase, cultural, educational, public health and scientific undertakings will keep on expanding, urban construction and housing development in cities and towns will continue, and, in particular, there will be more investment in such parts of the infrastructure as energy and transport so as to lay the foundation for the rapid development of construction and production. Thus, the sharp contradiction between income and spending needs will remain, and the balancing of revenues and expenditures will continue to be quite a major problem. More time and much effort are required before the basic balance between revenues and expenditures and between credit receipts and payments can be maintained and before there is a basic turn for the better in the financial and economic situation.

III. Strive To Maintain the Basic Balance Between Revenues and Expenditures

The year 1982, the second year of the sixth five-year plan, will be a crucial one. The outline of the 1982 plan for economic and social development has been drafted, including tentative revenue and expenditure targets. According to these targets, total revenues will amount to 110 billion yuan, an increase of 3.9 per cent over the estimate for 1981, and total expenditures to 113 billion yuan, an increase of 4 percent. Expenditures will exceed revenues by 3 billion yuan. We anticipate another small deficit next year, mainly because with the maintenance of steady economic growth it will be inappropriate to cut expenditures further, and certain outlays will inevitably increase somewhat, for example, those on increased wages and salaries for part of the personnel of administrative organs and institutions, and debt services on foreign loans. We propose that this session first discuss the tentative budgetary revenue and expenditure targets for 1982, which will then be revised in accordance with the opinions of our fellow deputies. When the draft state budget for 1982 is ready, it will be submitted at an appropriate time next year to the Standing Committee of the National People's Congress for examination and approval.

In the coming year we will continue to implement the principle of readjusting, restructuring, consolidating and improving the national economy so as to ensure a steady rate of growth for industrial and agricultural production and for national income. We will strive to increase state revenues through expanding production, improving economic performance and readjusting distribution policies, in order to meet the needs of key construction projects, guarantee indispensable expenditures and maintain the basic balance between revenues and expenditures.

Though we will be faced with many difficulties in carrying out our financial tasks in 1982, we enjoy many favourable conditions. Agricultural production this year has been excellent. In particular, the production of such cash crops as cotton, tobacco and oil-bearing plants has increased by a big margin, providing very favourable conditions for the further growth of the textile and other light industries and for an increase in revenues next year. The economic structure of industry and the relationship between its different sectors will become more harmonious which will enable industry to yield better economic results on the basis of readjustment in 1981 and 1982. Continued enforcement of measures for economizing on energy and raw and semi-finished materials will contribute to further growth in production. By and large, state expenditures this year have been curtailed through our efforts in 1981. More important, we now have a series of economic policies and measures of demonstrated effectiveness. Therefore, our financial situation will certainly improve year by year provided our morale is high, and we go all out in achieving successes in all fields.

The fundamental way to solve the financial problem is to expand production and improve economic performance. For one reason or another, we are now suffering from serious losses and waste in production, construction and circulation. In industrial production, there is waste due to overlapping projects and aimless production; pursuit of higher output value to the neglect of variety in and quality of products has led to a waste of energy and of raw and semi-finished materials and to overstocking of goods; there are cases where increased production fails to bring in more revenue because of excessive consumption of raw and semi-finished materials and high costs; and losses are incurred owing to incompetent management and serious waste.

In capital construction, there are cases of projects abandoned half way owing to poor planning and non-coordination of items and of necessary links between different stages of construction; there are also projects which cannot be completed and go into production on time because of delay in construction work with excessive tie-ups of funds and materials; and there has been waste within projects which had to be entirely rebuilt because of poor design or shoddy construction. In commodity circulation, too many changes in planning and pointless purchases have led to overstocking of goods and tying down of funds, and arbitrary circumscription of circulation and stockpiling goods at all levels have blocked the flow of commodities and slowed down the turnover of funds. As for the administrative organs, extravagance and waste are found in quite a number of them. All these problems, which are inseparable from the influence of the "left"-deviationist mistakes of the past, have drawn our attention during the last two years. There has already been some improvement, but it still falls short of the requirements of socialist construction. With regard to consumption quotas for fuel, power and raw and semi-finished materials, two-thirds of our enterprises have yet to reach the fairly low previous levels, and as compared with the best world levels the gap is even wider. At present 13,000 industrial enterprises are still operating at a loss, totalling 4.2 billion yuan. Today, for every one hundred yuan's worth of manufactured goods, a circulating fund of 31.1 yuan is needed, or 11 per cent more than the 1965 figure of 28.1 yuan. And every one hundred yuan invested in capital construction yields only 11 yuan in state revenue, a 50 per cent drop as compared with 22 yuan in the period of the first five-year plan (1953-57). What warrants our attention is that quite a few units to varying extents throw lavish dinner parties at public expense or squander funds in other ways. Some units have gone so far as to divide up products illicitly and engage in smuggling, bribery, speculation, profiteering, graft and embezzlement in major violation of laws and discipline. It will be difficult for us to boost production and obtain better economic results unless these problems are seriously tackled.

In socialist construction we aim at achieving the maximum in economic results at the minimum of cost so as to ensure the sustained growth of production and a gradual improvement in the people's living standards. As our progress was retarded by the ten years of turmoil, our economy is still rather backward, and we must redouble our efforts to speed up production. With our huge and rapidly growing population and limited construction funds, we need meticulous calculation all the more if our funds are to be used so as to yield the optimal economic results and if we are to completely eliminate waste and get rid of all unhealthy tendencies. Otherwise, our socialist construction will be retarded, and it will be difficult to achieve a high level of socialist cultural development. If the above problems in production, construction and circulation are conscientiously solved through consolidation, it will be entirely possible for us to increase revenues and reduce expenditures, which might mean a total annual gain of 10 billion yuan or more. What's more, we can vastly augment revenue by exploring new possibilities in production, making comprehensive use of our resources and carrying out intensive processing of raw and semi-finished materials. There is even greater potential to be tapped. What is of key importance now is a full awareness that the achievement of better economic results is a long-term guiding principle for our socialist construction. We should arouse the cadres, technical personnel and workers to strive after this goal, to combat waste, and advance along a new course characterized by fairly steady tempo and better economic results, yielding more substantial benefits to the people.

It is gratifying that we now have a number of enterprises and other establishments whose managerial level is quite high and whose economic performance is fairly good.

Their experience shows that with hard work our enterprises can not only reattain but surpass the fairly high levels of economic performance of the past. Take the Suzhou Region Motor Transport Company in Jiangsu Province for instance. Owing to rational planning, careful maintenance and reduced gasoline consumption, it has substantially raised its average profit per vehicle which was over 26,000 yuan last year, or more than four times the national figure. Another example is the construction of the Shanghai General Petrochemical Works. Its first stage, involving the installation of 18 sets of integrated equipment at a total cost of over 2.1 billion yuan, was completed and went into operation in three and a half years. By July this year, it had turned over to the state taxes and profits amounting to 2.2 billion yuan. A third example is the Capital Iron and Steel Company in Beijing. The total value of its output this year was expected to drop by 2 per cent as compared with last year owing to readjusted production plans. However, it has worked hard to open up new avenues for production and income, curtail expenditures and improve management, so that there has been no fall in income despite the lower output, and its estimate of this year's profits is over 28 million yuan more than last year's. A fourth case in point is the Fushun No 2 refinery in Liaoning Province. The amount of crude oil allotted it by the state for refining was reduced in both 1980 and 1981, but it strove to renovate equipment, change the product mix, tap production potential through more intensive processing and diligently apply business accounting. As a result, its profits increased by more than 37 million yuan in 1980 and by a further 17 million yuan in January-October this year. Such enterprises can be found in all parts of the country and in all branches of production. If all our enterprises can follow their example in tapping their own potential, striving for better economic results and wiping out waste, they may be able to increase their income even when output is reduced for one reason or another. We believe that as the processes of readjusting the national economy and consolidating our enterprises go deeper, our enterprises in their hundreds of thousands, will gradually experience a major change and achieve better and better economic results if they rely on the concerted efforts of the cadres and masses.

As far as financial work itself is concerned, an urgent task confronting us today is to strive to increase the sources of income and reduce expenditure, and to improve management so as to suit the needs of the developing situation and give better service to socialist construction. To be specific, firstly, the enterprises should be encouraged to explore more possibilities for production, create more social wealth and open up new sources of income. It is necessary to encourage the rural areas to develop diversified undertakings and increase farm and sideline production to encourage light industry to increase variety, improve quality and yield more profits; and to encourage heavy industry in its continued effort to readjust service orientation and internal structure and ensure an increase both in output and income. We should also work in co-ordination with the various enterprises in the systematic updating of equipment and technical transformation and in the comprehensive use of materials. Secondly, it is necessary to help the enterprises improve financial management and business accounting. The State Council has decided to accomplish the consolidation of enterprises, by stages and by groups, within two to three years. In co-ordination with this effort, there will be a general check-up on the financial work of enterprises next year. Its purpose will be to improve enterprise management and business accounting and strictly enforce financial discipline, to firmly check and do away with illegal practices such as holding back profits that ought to be delivered to the state, inflating production cost and transferring funds for unauthorized purposes, and to eliminate all forms of reducing payments to the state, a phenomenon prevailing in many enterprises.

Thirdly, it is necessary to perform the task of raising funds well. Besides restoring taxes on certain items, we should introduce some new ones. Necessary readjustments should be carried out with regard to price subsidies. We should improve our work with respect to the issuance of state treasury bonds. Fourthly, it is necessary to ensure the optimal use of funds, tighten financial control and ensure the maximum results. It is necessary to exercise more strict supervision over the use of funds in matters of planning and management, the consumption of materials and the standards set for routine expenditure. Diligent investigation of cases of waste of state funds should be carried out in order to establish the financial responsibility of those involved, and serious misdemeanours should be dealt with according to law.

In 1982, we shall adopt further measures for reforming the financial system and step up work on financial legislation in conjunction with the restructuring of the economic system. Most of the initial reforms of the last two years in our financial system, in the financial work of enterprises, in the taxation of industrial and commercial enterprises, and in financial work of the capital construction and administrative, cultural and educational departments are still in their trial stage and have yet to be perfected. We shall keep on with these reforms, correctly handle the interests of the state, the enterprises and the workers and staff, and earnestly sum up our experience so as gradually to improve the various measures we have taken. At the same time, we shall incorporate into relevant statutes our useful practical experiences accumulated over the years, and especially our recent successful experiences in reforming the financial system. As a first step in this direction, next year we plan to draft and enact separate statutes on bookkeeping production costs and depreciation of fixed assets of enterprises as well as some basic statutes concerning taxation, to initiate supervision through audits, the State Council has decided gradually to establish auditing bodies at the central and local levels to supervise the relevant activities of all economic organizations. This will play an important role in doing away with malpractices and unhealthy tendencies in the economic field and in enforcing state laws and discipline.

Fellow deputies, under the leadership of the party and the government the people of all our nationalities have conscientiously carried out the principles and policies laid down since the third plenary session of the eleventh Central Committee of the party and have achieved great successes in all fields of endeavour. The national political and economic situation is getting better and better. This provides a sound foundation for new successes in our socialist construction. We must strengthen our morale, seek truth from facts, get a deeper understanding of the actual conditions, conscientiously study new developments, solve new problems, devise new ways and open up new prospects for our work. We are convinced that through the joint efforts and hard work of all our people we shall be able to surmount the difficulties confronting us one by one and ensure steady progress in our socialist construction.

YANG SHANGKUN'S STANDING COMMITTEE REPORT TO NPC

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[Text] Beijing, 15 Dec (XINHUA) -- Report on the work of the NPC Standing Committee of the People's Republic of China delivered on 7 December 1981 at the Fourth Session of the Fifth NPC by Yang Shangkun, vice chairman and secretary-general of the NPC Standing Committee.

Deputies: Entrusted by the NPC Standing Committee, I am reporting the work of the committee to the NPC.

Over the past year or so since the conclusion of the Third Session of the Fifth NPC, the main task of the Standing Committee has been the realization of our nation's major principle of further economic readjustment and political stability and implementation of work in legislative and other fields.

1. With regard to legislative work, it is a common aspiration of the people across the country to perfect the socialist legal system and to consolidate and develop the political situation marked by stability and unity, vigor and liveliness. A major task in the legislative field is to formulate necessary laws and decrees aimed at consolidating the people's democratic dictatorship. To protect the democratic rights exercised by army men, the Standing Committee has adopted the "measures for the election of deputies to the NPC and the local people's congresses at various levels by the Chinese PLA." To strengthen the legal system within the armed forces, the Standing Committee has adopted the "provisional statute of the People's Republic of China for punishing servicemen on charges of dereliction of duty." The Standing Committee has also adopted the "resolution on strengthening the work of interpretation of laws," "resolution on the question of approval of death sentences" and "resolution on treatment of those under reform or reeducation through labor who have escaped or who have once again committed criminal offenses." The promulgation and implementation of these three documents has played a positive role in intensifying education in the legal system, dealing blows at criminal offenses, consolidating public security in society, maintaining social order and ensuring the smooth going of the program of the four modernizations. Public security, procuratorial and judicial organs at all levels in the country have seriously implemented the "criminal law," the "law of criminal procedure" and the related resolutions adopted by the Standing Committee. The quality of work in handling criminal cases has been improved to a great extent, and the work on the vast majority of the cases has been concluded before the deadline prescribed by law. However, because of insufficient manpower and poor transportation conditions, it has been impossible to conclude, within the prescribed time limit, the work on a few criminal cases which were too complicated or which occurred in remote areas. For this reason, the Standing Committee has adopted the "resolution on the question of time limit for handling criminal cases," which stipulates that between 1981 and 1983 the standing committees of the people's congresses of various provinces, autonomous regions and municipalities directly under the central government may decide on or approve appropriate extension of the time limit for handling the few cases which, as mentioned above, cannot be concluded before the deadline prescribed by law. Ours is a big country composed of many different nationalities, and political, economic and cultural development is not even in all localities. Such unevenness is noted even within a province or an autonomous region. The conditions at different places are not exactly the same even in a league or a county. In legislative work, it is essential to note the wide diversity of the concrete conditions in various parts of the country and to avoid the practice of demanding uniformity in all localities.

Legislation concerning the economy is an important part of legislative work. Except for a few basic laws and regulations, the present legislative work on the economy is focused on economic readjustment and system restructuring so as to ensure the smooth fulfillment of the readjustment tasks and consolidate the results of economic restructuring. The Legislative Affairs Commission, together with the departments concerned under the State Council, has continued to draft economic regulations and has done a great deal of investigation and study. Now some important economic regulations are being drafted. The civil law cannot be worked out within a short period because the law, in itself, is very complicated and the system is being restructured. Now the work includes both the drafting of the civil law and the formulation of separate civil regulations. When the latter have proved completely feasible, they will be absorbed into the civil law.

The standing Committee has endorsed Vice Chairman of the commission for the revision of the constitution Peng Zhen's proposal to postpone the examination and discussion of the draft revision of the constitution of the People's Republic of China until the fifth NPC. It has decided to submit Vice Chairman Peng Zhen's proposal to the NPC for examination and discussion.

The Standing Committee has approved the "provisional regulations of the State Council on veteran cadres leaving work posts for recuperation" and the "regulations of the State Council on arrangements for staff members and workers to visit their relatives." The Standing Committee has also adopted the State Council's proposal for launching a nationwide voluntary tree-planting campaign and submitted it to the NPC for examination and discussion. At the suggestion of the State Council, the Standing Committee has decided to authorize the Guangdong and Fujian provincial people's congresses and their standing committees to set up various separate economic regulations for their special economic zones on the principle contained in relevant laws, decrees and policies and according to the specific conditions and actual needs of those zones. They have been instructed to report such economic regulations to the NPC Standing Committee and the State Council for the record.

Legislation concerning nationalities is an important aspect of legislative work and should be strengthened with all-out efforts. The NPC Nationalities Committee has continued the preparatory work in this regard. In coordination with the State Nationalities Affairs Commission and other departments concerned, it is drafting a national regional autonomy law for the People's Republic of China. It has also given continued assistance to the autonomous regions and some autonomous prefectures and counties in drafting their statutes for autonomy.

In international affairs, the Standing Committee has approved the "consular treaty between the People's Republic of China and the United States of America," endorsed the "convention for eliminating all forms of discrimination against women" of the United Nations and, at the same time, proclaimed that we are not to be bound by item 1 of article 29 of the pact. In addition, the Standing Committee has decided that our country join the UN "international convention for eliminating all forms of racial discrimination" and, at the same time, declared that our country has reservations with regard to the provision in article 22 of the pact and is not to be bound by it.

To manage our country successfully, we must stress the socialist legal system. Without this system, it would be impossible to manage our country successfully. To strengthen the socialist legal system, we must make strenuous efforts to grasp our legislative work. But it is not sufficient to merely set up laws. We must also see to it that our laws are strictly implemented and that offenders are dealt with. Everyone of us must abide by the laws, and all are equal before laws. This was clearly stated in the 1954 constitution drafted by Chairman Mao. Law-enforcement organizations at all levels throughout the country must conscientiously implement it so as to promote our socialist modernization program with still greater results.

II. The Standing Committee heard the work reports of the State Council, the Supreme People's Court and the Supreme People's Procuratorate; discussed and decided on important state issues.

1. Acting on the proposals of the Supreme People's Procuratorate and the Supreme People's Court, the Standing Committee adopted the "decision on setting up a special procuratorate under the Supreme People's Procuratorate and a special court under the Supreme People's Court to try the principal criminals in the case of the Lin Biao and Jiang Qing counterrevolutionary cliques." In accordance with this decision, the special procuratorate filed a public prosecution against the two cliques, and the Special Court tried and handed out judgment to the principal criminals in the case. The trial of the Lin Biao and the Jiang Qing counterrevolutionary cliques embodied the aspirations of the people throughout the country and was warmly supported by the people of all nationalities in this country.

2. The Standing Committee approved the "report on the readjustment of the 1981 national economic plan and state revenue and expenditure" delivered on behalf of the State Council by Yao Yilin, vice premier of the State Council and concurrently minister in charge of the State Planning Commission, and adopted the "resolution on preventing losses of state property in enterprises that have been closed down or suspended and in construction projects that have been suspended or postponed." It heard a report on the international situation and diplomatic work by Vice Premier and Foreign Minister Huang Hua, a report on academic degrees work and on strengthening ideological and political work in schools by Jiang Nanxiang, minister of education; a report on some aspects and problems of the current cultural and art work by Zhou Weizhi, acting minister of culture; a general report and a summary report on the experiment of direct elections at the county level by Cheng Zihua, minister of civil affairs and director of the office in charge of county-level elections throughout the country, and decided that the tenure of the county people's congresses elected as a result of the experiment on direct elections at the county level throughout the country which began in the second half of 1979 and ended at the end of 1981 would be counted as starting from 1981 so as to have it unified throughout the country. The Standing Committee paid attention to promoting socialist democracy. During its session, it earnestly discussed all work reports, affirmed their achievements, but also put forward its opinions and proposals. The responsible persons of the organizations mentioned above answered the questions put by Standing Committee members and studied their proposals in order to promote work in their organizations.

The Standing Committee also decided on establishment or dissolution of some organizations under the State Council and appointed and removed state officials.

3. On 16 May 1981, the Standing Committee decided to confer the ohnorific title of honorary chairman of the People's Republic of China on Vice Chairman Soong Ching Ling. She devoted her youth to the cause of liberation of the Chinese nation and people alongside the great revolutionary Dr Sun Yat-sen. She was one of the founders of the PRC. During the people's democratic revolution and socialist revolution and for the cause of socialist construction, she consistently and firmly sided with the people of all nationalities throughout the country. She was a respected and beloved leader of the people of all nationalities in China, including the compatriots in Taiwan and Chinese nationals living abroad. The Standing Committee's decision on conferring the title on Soong Ching Ling won the firm support of the people of all nationalities throughout the country.

4. On 1 January 1979, the Standing Committee issued the "message to compatriots in Taiwan." Since the announcement of the great policy of striving for the peaceful reunification of the motherland, tension has eased up in the Taiwan Strait. On 30 September 1981, Chairman Ye Jianying, in an interview with a XINHUA reporter, elaborated on the policy concerning the peaceful reunification of the motherland. The people of all nationalities throughout the country, including the compatriots in Taiwan, Hong Kong and Macao and Overseas Chinese, warmly supported and actively responded to the proposal made by Chairman Ye. The reunification of China and the revitalization of the Chinese nation accord with the will of the people and the general trend of events and are a sacred mission which history has bequeathed on us. We place our hopes on the 18 million compatriots in Taiwan and on the Taiwan authorities. We hope that the Taiwan authorities put national interests above everything else and make a valuable contribution to realizing the great cause of reunifying China.

5. In the field of foreign affairs, the Standing Committee dispatched an NPC delegation headed by Standing Committee member Hao Dequing to visit Britain, Malta and Greece; another NPC delegation headed by Ngapoi Ngawang Jigme, vice chairman of the NPC Standing Committee, to visit Colombia, Guyana, Barbados, Trinidad and Tobago; another delegation led by Yang Shangkun, vice chairman of the Standing Committee, to visit Austria, Romania and the Federal Republic of Germany; another delegation led by Xi Zhongxun, vice chairman of the Standing Committee, to visit Finland, Sweden, Denmark and Norway; and another delegation headed by Peng Chong, vice chairman of the Standing Committee, to visit Japan. After their return, the delegations made separate written reports on their visits to the Standing Committee.

The Standing Committee has received speakers of parliaments and parliamentary delegations from Japan, New Zealand, Colombia, Morocco, Algeria, Australia, Bangladesh, Djibouti, Senegal, Italy and Zambia as well as the speaker of the European Parliament and that parliament's delegation during their visits to China. During the past year or so, both the number of visits made by NPC delegations to foreign countries and the number of visits by foreign parliamentary speakers and foreign parliamentary delegations to our country have surpassed those in any previous year. The friendly exchange of visits between our NPC and foreign parliaments has furthered the friendship and understanding between the Chinese people on the one hand and the Third World people and the people of other countries on the other. It has also contributed to the development of the cause for safeguarding world peace and opposing hegemonism. Under the auspices of the UN Fund for Population Activities, the Asian Conference of Parliamentarians on Population and Development was held from 27 to 30 October 1981 in Beijing. To prepare for this conference, the Standing Committee formed the China Preparatory Committee with vigorous support from departments concerned. The Chinese delegation, headed by Vice Chairman Liao Chengzhi, attended the conference, along with parliamentarians and scholars from 18 other Asian countries, representatives from international organizations concerned and from Latin America as well as guests, numbering nearly 400. The conference adopted the "Beijing declaration" and decided to establish the "Asian parliamentarians' tribune on population." The conference attained its expected goals and achieved successful results.

III. In addition, the Standing Committee has done the following:

It has strengthened its ties with the standing committees of local people's congresses. Since its 14th meeting in April 1980, it has asked responsible persons of the standing committees of the people's congresses of various provinces, autonomous regions and municipalities directly under the central government to attend its meetings as observers. This method has brought good results in strengthening ties with the standing committees of local people's congresses. Since the questions decided upon by the NPC Standing Committee are all major questions of national importance, learning the suggestions offered by local comrades, especially those from the minority areas, can be of great help to the work of the NPC Standing Committee and enables it to take realities into consideration and to make decisions that are more suited to the actual situation. The Standing Committee has also strengthened its ties with the standing committees of local people's congresses in a variety of ways, including the exchange of publications and experiences. Following the April 1980 forum of responsible persons of standing committees of people's congresses of various provinces, autonomous regions and municipalities directly under the central government, the NPC Standing Committee held another forum in March 1981 for the purpose of learning the experiences of comrades from the standing committees of local people's congresses and hearing reports on their local situations. This has been conducive to the improvement of the NPC Standing Committee's work and to the development of the work of the standing committees of various local people's congresses.

One of the major aspects of the Standing Committee's work is for its members to go out to make inspections. On the basis of Chairman Ye Jianying's circular, vice chairmen and members of the Standing Committee, 55 in number, made separate inspection tours from early May to the end of June 1981 to 15 provinces, 2 autonomous regions and 3 municipalities directly under the central government of our country. The main purpose was to inspect the current work of national economic readjustment, including responsibility system in rural areas. Problems found and suggestions offered during the inspections have been passed on to the pertinent ministries and commissions of the State Council and to the provinces, autonomous regions and municipalities concerned for study and handling. Some units have reported to the Standing Committee how they handled problems and suggestions, and have forwarded their replies to the Standing Committee members concerned. Continued efforts are being made by the General Office of the Standing Committee to ensure that all problems and suggestions of the members are properly handled with the effect of promoting the work in various fields.

The deputies to the Third Session of the Fifth NPC made 2,300 proposals. The NPC Standing Committee and the ministries, commissions and those agencies directly subordinate to the State Council have handled all the proposals and given replies on their handling to the deputies who made the proposals. Reports on the handling of some of the proposals have been published in the bulletin of the NPC Standing Committee. The General Office of the NPC Standing Committee handled 308 letters from the deputies. The results of the handling of some of them have been supplied to the deputies. The General Office also handled some 58,000 letters from the people.

The above constitutes the primary work of the Standing Committee during this period. All the proposals, including the proposals on appointments and removals, have been printed and submitted to you for your examination.

Deputies: The Standing Committee has approved "the economic contract law of the People's Republic of China (draft)," "the foreign enterprise income tax law of the People's Republic of China (draft)" and "the civil procedural law of the People's Republic of China (draft)". The Standing Committee is submitting them to the Fourth Session of the Fifth NPC for deliberation. A written explanation of these laws has been printed and distributed among you. Now let me explain the major questions concerning the three draft laws.

1. On the Economic Contract Law of the People's Republic of China (Draft)

The economic contract law is designed to protect the legal rights of the contracting parties, maintain economic order in society, enhance economic results, ensure the implementation of the state's plans and promote socialist modernization. As China practices planned economy, the economic contract is an important way to implement the state's plans as well as an important basis for planning. The contract law of a socialist country is different in principle from the contract law of a capitalist country. We sign economic contracts in order to guarantee the implementation of the state's plans. As soon as an economic contract is signed, the contracting parties must rigidly fulfill their economic responsibilities. Only in this way can we enforce contract discipline and protect the legal rights of the contracting parties. Whoever fails to fulfill contract responsibilities should bear the responsibility for breaching the contract. If failure to fulfill a contract or part of it is caused through the fault of a higher-level leading organ or a responsible department, the leading organ or the responsible department should bear the responsibility for breach of contract. Such stipulation is conducive to defining the responsibilities and making the leading organs and the responsible departments improve their work. After the economic contract law is promulgated and put into effect, it is still necessary to prepare various regulations for specific contracts and detailed rules and regulations governing the fulfillment of contracts in order to guarantee that economic activities are carried out with a socialist orientation.

2. On the Foreign Enterprise Income Tax Law of the People's Republic of China (Draft)

The foreign enterprise income tax law is enacted to help attract foreign investment, accelerate the development of economic cooperation and technological exchanges between China and foreign countries and develop China's resources and economy. This law provides that income tax shall be levied on the income of foreign enterprises having establishments in China engaged in independent business operations, cooperative production or joint business operations with Chinese enterprises. The income tax is levied according to the amount of income and is based on the principle of equality regardless of nationalities and professions involved including the petroleum industry. The income tax is assessed at progressive rates for the parts in excess of a specific amount of taxable income. Income tax shall also be levied on the income obtained from dividends, interest, rentals, royalties and other sources in China by foreign enterprises having no establishments in China. This will help unify our tax policy and protect our national rights and interests. This law provides preferential treatment to enterprises engaged in low-profit occupations such as farming, forestry and animal husbandry in order to give them the necessary encouragement investment at present, we should emphasize the need to continue to emancipate our minds, go all out, strive to do a good job and create the necessary conditions to meet the needs of socialist modernization.

3. On the Civil Procedural Law of the People's Republic of China (Draft)

The civil procedural law is an important basic law of our country. It provides the judicial procedures for guaranteeing the practice of all civil laws, economic laws, business laws and relevant administrative laws. Over the past 2 years, China has enacted some civil and economic laws and is continuing to draft other relevant laws. The practice of these laws is to be governed by the civil procedural law. With the development of our political and economic situation, we have had more and more civil and economic legislation and the demand for a civil procedural law has become more and more imperative. Since the drafting of the civil procedural law began in 1979, several major revisions have been made and comprehensive comments have been solicited from various areas. However, we still cannot make final decisions on some of the issues at the moment because this law deals with many things and our country is in a period of economic readjustment. In view of the fact that the problem concerning the civil procedural law is quite complex and our experience is still insufficient, I suggest that this congress approve in principle "the civil procedural law of the People's Republic of China" and authorize the Standing Committee to promulgate it and put it into effect on a trial basis after some revisions are made according to the opinions of the deputies and others. We will sum up experience during the trial period, make necessary revisions accordingly and then submit it to the NPC for deliberation, adoption, promulgation and putting it into effect.

PLA'S WANG PING STRESSES NATIONAL INTEREST

OW171316 Beijing Domestic Service in Mandarin 1200 GMT 17 Dec 81

[Text] Speaking at a meeting of the PLA General Logistics Department held on the afternoon of 17 December to transmit the guidelines of the Fourth Session of the Fifth NPC, Wang Ping, political commissar of the PLA General Logistics Department, called on all leading logistics cadres throughout the army to adopt an overall point of view and place the national interests above all.

Wang Ping said adopting an overall point of view and taking the whole country into account are still very important under the present situation. He said the army's logistics work is, in a sense, military economic work. The building of the army and logistics work must be subordinated to national economic construction.

The country is a whole whereas the army is a part, and logistics work is a part of the army. The part must be subordinated to the whole. Only when national economic work is pushed forward can we have a strong foundation for the building of the army and logistics work and can we advance.

Wang Ping emphatically pointed out that logistics departments throughout the army must set the example in adopting an overall point of view and placing the national interests above all. They must consciously obey the state's centralized and unified arrangements, show full understanding for the state's difficulties and support the state in steadfastly carrying out the policy of readjustment.

RENMIN RIBAO COMMENTS ON MILITARY LITERATURE

HK170706 Beijing RENMIN RIBAO in Chinese 16 Dec 81 p 5

[Commentator's article: "Attach Major Importance to Developing Literary Works on Military Themes"]

[Text] Literary works on military themes (referred to hereinafter as military literature) as a special and valuable literary force occupy a prominent position in literary creation throughout the world. In our country, military literature has an even longer history and an even more deep-rooted national tradition. However, military literature on our country's revolution came into being, developed, grew in strength and gradually formed its own combat tradition in the course of the revolutionary struggles in which the Chinese people strove for liberation. Today, a substantial part of the backbone of our literary contingent has in fact been trained in the field of military literature. Military literature has developed considerably since the founding of the state, and a number of good works with relatively high ideological and artistic levels, such as the novels "Defending Yanan," "The Red Sun," "Tracks in the Snowy Forest"; the plays "Ten Thousand Craggs and Torrents," "Guards Under Neon Lights"; the films "The Red Detachment of Women," "Dong Cunrui"; the reportage "Who Is the Most Lovable Person?"; and many poems have appeared. All of them reflect, from various angles, the glorious combat history of our army under the party's leadership, successfully portray the heroic images of our army's commanders and fighters, sing praises of the brilliant military thinking of the party and Comrade Mao Zedong, sing praises of our army's glorious revolutionary tradition and play a very important role in educating and encouraging the broad masses of people throughout the country and the broad masses of commanders and fighters of the PLA. Military literature has been severely damaged as a result of the sabotage of the 10 years of turmoil. At present, eliminating the destructive consequences of this historical factor, actively supporting the development of military literature, encouraging more good works on military themes, leaving a greater scope for the publication of military literature, studying and summing up the experiences in writing military literature and creating a new and prosperous scene for military literature are the pressing tasks confronting our socialist literary and art cause, to which we should attach major importance and give our enthusiastic support.

We must attach major importance to developing military literature because our country's military literature has a glorious tradition and plays an important role in teaching patriotism and portraying revolutionary heroism, not only for the broad masses of commanders and fighters, but also for the broad masses of people and young people throughout the country. During the revolutionary war years, our people and army victoriously achieved democratic revolution because they carried forward this spirit. Today, as we enter a new historical period, we must still maintain and carry forward this spirit in order to realize the great goal of socialist modernization. Because the international situation is such that serious threats of war exist, we must, in particular, mobilize the PLA and the masses to maintain sharp vigilance and be prepared for war through various channels, including the channel of military literature, and also, by means of "reviewing" and the "past" wars, to "understand" the "new" significance of any future war against aggression. Thus military literature plays a role other types of literature cannot. We should also realize that some youths do not understand the history of the revolution in our country or how proletarian rule came into being in China.

Military literature can help them to improve their knowledge of revolutionary history and understand revolutionary tradition. Good literary works on military themes always touch sharply upon significant issues such as world outlook, outlook on life, ideals, religion, sentiments and other issues. With clear-cut artistic images, these works deeply inspire the people and exert an imperceptible influence in inspiring and helping youths to acquire a correct world outlook and outlook on life.

During the past few years, with the criticism of the counterrevolutionary crimes of the Lin Biao and Jiang Qing cliques and the gradual shaking off of the numerous trammels fixed by the "summary" of the literature and art forum on literary creation, military literature has been restored and developed at a relatively fast pace and has scored remarkable achievements in various aspects.

People can see that there are more and richer materials now for military literature and writers have a wider field of vision than ever before. Many new aspects of life, which were not or could not be seen in the past, have now been vividly presented by writers in their works. More and more works reflecting the military activities of the proletarian revolutionaries of the older generation, as well as the important revolutionary struggles and well-known historical battles, have been released. They have filled in the long-standing gaps in the field of literary creation and provided us with initial and useful practical experiences for further developing literary creation on important themes. In the new period toward military modernization, military literature has also broadened to encompass many areas involved in the construction of modernized national defense and realistic life in the army. Many life subjects seldom reflected in literary works, such as the subjects of scientific research on national defense, life in military schools and academies, love and family life of the armymen, contradictions within the army, morality and sentiment and other subjects. The facts show that it is groundless to say that the themes for the creation of military works are dull and narrow. There is still a vast world within this sphere for the writers to use their talents.

People can also see that quite a few military literary works are no longer restricted to depicting the drill ground and battlefields, but have paid more attention to depicting the details of life in the army in view of various social relationships. In some works reflecting army life, writers have delineated the inner world of their characters very well from their profound understanding of the influence of the decade-long turmoil and some existing contradictions on the armymen. In some other works reflecting the revolutionary war and history, writers have tried to depict human relations under a war situation from an angle of the overall situation of war and military strategy, or from the philosophy and moral principles in everyday life. These good explorations have made these literary works more in tune with our times, more true to life and better in summarizing life. All this shows that the military literature is developing in depth. "The East," "Anecdote of the Western Front," "A 'Common Soldier' in the Depths of the Tianshan Mountains," and so on are representative works in this respect.

The creation and portrayal of characters in military literature have taken on a new outlook in recent years. Artistic images of veteran proletarian revolutionaries have been constantly created and have had great influence among the readers. They are not just "placed on the scene," or "striking a pose on the stage," as was the case in the earlier literary works. Instead, their images have been vividly portrayed so they appear lifelike -- they love and hate, and have distinctive dispositions. This is great progress in creation. The emergence of these images of contemporary armymen stamped with the characteristics of our times has added fresh figure paintings to the art gallery of military literature.

With more stress on depicting the rich and meticulous feelings of their characters and various tones and colors in their dispositions and natures, the writers of these works have made great efforts to bring to life the world of these characters by showing the relationships between social conditions and human fate and burrowing into the depths of their souls, which have stood the test of life. Thus, they have discarded the conventional pattern of creating "higher, greater and more complete" images and prevented these works from becoming mere display of mediocre feelings and mean souls.

Under the guidance of the party line, principles and policies mapped out since the third plenary session, the development of military literature is healthy and has scored remarkable achievements. But we must also see that the present literary creations on military themes have not yet met the requirements of the social life and the modernization of the army under the new historical period. At the same time, as a result of the long-term influence of the "leftist" guiding ideology in literary creation, some erroneous and unhealthy ideas governing literary creation can still be seen in some of the works, and the social tendency of bourgeois liberalization that tries to resist and deny party leadership and the socialist system is also reflected in some of these literary works on military themes. In order to ensure that military literature experiences greater and faster development, it is not only necessary to adhere to the party's policies and principles on literature and art, and overcome and prevent "leftist" or right deviations, but it is also necessary to make great efforts to raise the ideological and artistic levels of military literature.

First of all, we should understand war and develop themes from a wider angle of view. Along with the development of the times and literature, people have raised their standard in appreciating works that depict wars. They are no longer satisfied with the old type of stories that describe the entire course of a battle that begins with the undertaking of fighting and ends in achieving victory and killing the enemy. Through reading literary works about wars, they want to open up a new vista, evoke their further consideration with respect to war, society and national destiny and, through the flames of war, see the genre painting of social history. Therefore, whether in depicting the revolutionary war led by the proletariat or in depicting ancient or modern wars, people have raised the demand that literary works take a perspective or view of wars from a wider social angle and analyze and depict wars in a manner that relates them with the politics and economy of the entire country. In other words, they want the type of works that people usually call "chronicles of wars" with the grandeur and length of an epic. Such works have greater value of understanding and aesthetic significance, because they can summarize social life in a deeper and broader manner and because they have a loftier approach and grander style. In fact, as Lenin said, "No wars can be separated from the political systems that give rise to them." That is why the literature that depicts war and army life should take the form of works of considerable length and be similar to epics depicting the social history of a certain period. If written in this way, they will become the cultural wealth of the nation and be of relatively high historical and literary value.

Ours is a country with a history of wars of long duration, a large scale and great mobilization. Numerous rivalries both on and away from the battlefields constituted many spectacular scenes of wars which provide countless grand themes and approaches for writers to explore. To date, we have not really begun to explore these avenues in our works. Naturally, both the prose and the historical events to be depicted in these works should be given equal attention, and there should be vivid images as well as grand scenes. This places a very exacting demand on writers. They should accumulate rich experience in military life. They should thoroughly think about the overall situation of the wars and achieve a penetrating and mature understanding of them.

They should have a concrete feel for military art. They should also have in their possession real life material and have a mastery of the means necessary to achieve artistic creation. We hope that more writers, especially the old writers inside and outside the army who have rich experience in wars, dare to climb this peak of military literary creative work.

As an active and sensitive reflection of social life, literature should throb with the pulse of the times if it is to have any vitality. In reflecting the reality in our army, our military literature should also timely reveal themes of great significance in our times and life and reflect the new progress in army life. It should make readers see the great changes within society and hear the footsteps of the times by observing life in the barracks and depicting it in literature. Thus literature will have a positive role in furthering the progress of social life. Since the smashing of the "gang of four," and particularly since the third plenary session of the party Central Committee, the life in our army has been profoundly changed in various aspects and taken on an entirely new look. Life is full of contradictions. In the course of advancing toward modernization and regularization, new problems will crop up successively in life and wait to be answered and solved by the people. Writers of military literature should look squarely at the contradictions in life and correctly reflect them. For many years the literary creative practices have proved that both the creative tendencies of depicting no conflicts and depicting conflicts for the sake of depicting conflicts are detrimental to the development and prosperity of military literature. As long as we adhere to the party's four basic principles and as long as we maintain and develop the tradition of linking literature closely with the times, life and the people, military literature will become a "literature of force" in promoting the advance of life and will be loved by the masses of people as well as by the commanders and the masses of fighters.

Our military literary creative work should, moreover, make breakthroughs in portraying the images of a new generation of armymen. Literature moves people by images. In the past, the successful literary images of Dong Chengrui, Huang Jiguang, Lei Fen, Quyang Hai and others had tremendous influence on the broad masses of readers both inside and outside the army, especially the younger generation, and changed the path of life of a generation of people. Times have changed and the composition of our army is constantly changing. Our new generation of armymen, though having the tradition and quality of the older generation, differs greatly from the armymen of all other historical periods. The surroundings and the social conditions of their life have made their horizon even broader and they have higher goals and ideals to pursue. Life has long begun to call on military literature to depict socialist new people. Whether or not military literary works can depict the new people in the army well and portray the typical heroes of our times has already become a problem of key importance in the question of whether or not the military literature can develop along with the development of the times. We advocate making efforts to depict the noble inner world and the mental beauty of the characters and to describe the rich and varied feelings of the armymen. This advocacy is aimed precisely at overcoming the practices in depicting pale and dull images without variation and at making the images of our new people brighter and more vivid, with greater artistic appeal.

Our military literature should also pay special attention to the question of diversity. There should be a combination of large, medium and small themes and a simultaneous development of ancient and modern ones.

It is necessary to explore means of expression more boldly and draw extensively on the experience of others. We should pay particular attention to drawing on those occurring in our nation. It is necessary to attach importance to summing up experiences and lessons in study. Writers of military literature should be encouraged to develop their own personal styles and, so long as their works are healthy in content, they should be welcome, whether they take the form of simply depicting emotions, or being merely narrative, or exciting, or humorous, or deep and meaningful. Diversity is a sign of the development of literature. If we can conscientiously achieve this, the situation in our military literature will change greatly.

For writers, the key to promoting the prosperity of military literary creation is still a question of life. It should be noted that, within the ranks of writers of military literature, those who are familiar with war life are becoming fewer in number, and some writers who are familiar with the army life of the 1950's and 1960's are not very clear about the army life of today owing to interference in the decade of turmoil. The creative achievements in recent years show that a lot of good works that reflect the practical life of the army units are mostly written by new writers who are familiar with present army life. Insufficient life experience is a major reason why it is difficult for literary creation on military themes to make a breakthrough today and why certain unhealthy tendencies in creation can develop. Therefore, the method of sending in a planned way writers inside and outside the army to observe and learn from life in the army units should be promoted. During the war of counterattack against Vietnam in self-defense, the army cultural departments sent a large number of army writers and amateur writers to go deep into the frontline and they succeeded in writing a number of good works; the All-China Federation of Literature and Art Circles also sent civilian writers to go deep into the army units that participated in the war to gather material and played a very good role in the literary creation that reflected the war of counterattack against Vietnam in self-defense. The leading bodies and the broad masses of commanders and fighters of the army welcome writers and artists who come to their units to observe and learn from life.

The development of military literature does not concern only the comrades in the army. It needs support from various quarters and the cooperation and coordination of cultural departments inside and outside the army. At present, quite a number of civilian writers have experience in war life and intend to write about it, and they are an important contingent in the creation of military literature. However, they are nonetheless limited by various conditions, and there are some difficulties in their going deep into the life in the army and looking up essential data on military history. The departments concerned should actively create conditions to facilitate their work and give full play to the initiative of this contingent. Newspapers and periodicals should devote certain space for the publication of military literary works. In the past, works on military themes have often been excluded from some literary and art publications even though they are fairly good in quality, and this has not helped the development of military literature. Film studios and television should attach importance to the filming and showing of works on military themes. It is necessary to strengthen reviews and studies on military literature. Review on military literature is a weak link, a lot of experiences in creation are yet to be summed up, and new works are yet to be reviewed; a lot of ideas and questions on the creation of military literature are yet to be studied and explored, and it is necessary to step up the studies of history and theories. The work in this aspect also needs the support of commentators from various quarters. We should also step up work for the reference, translation and introduction of military literature, study the achievements of foreign military literature in creation and theory, and take them as our reference in developing China's military literature.

There are extremely vast vistas for the development of China's literature on military themes. So long as we attach great importance to it and conscientiously make joint efforts, military literature will certainly be able to improve on the existing basis along the correct orientation. Let the flowers of literature on military themes blossom more resplendently in the socialist literary and art garden plot of our country!

RENMIN RIBAO CITES ARTICLES CRITICIZING POEM

HK180247 Beijing RENMIN RIBAO in Chinese 16 Dec 81 p 5

[Literary and art trends report by Bian Qie [6708 0434]: "JIEFANGJUN BAO, JIEFANGJUN WENYI, WENYI BAO Articles Criticize Political Lyric Poem 'General, Give Yourself a Good Bath'"]

[Text] Recently, JIEFANGJUN BAO, JIEFANGJUN WENYI, WENYI BAO and other papers have carried articles criticizing the erroneous ideological trend of Comrade Ye Wenfu's political lyric poem "General, Give Yourself a Good Bath" (which was published in LIANCHI No. 1, 1981) and other literary works.

In his article "Garland or Bayonet?" (carried in JIEFANGJUN BAO 1 Nov 81 p 4) Fan Shuo pointed out: Comrade Ye Wenfu has written some good poems since he began his career as a poet. However, due to the influence of bourgeois liberalization, the poems he wrote over the past years have shown a tendency to deteriorate in quality. Instead of presenting more "garlands," he has given the people more "whistling bayonets." These bayonets are not pointing to the enemy but to the high-ranking leaders of our party and army.

In his "General, Give yourself a Good Bath," he wrote: "The garland made of my poems is a lifebuoy for you..." Look, how kind and how eager he was to throw his "garland buoy" to the general! Yet he likened our PLA generals to the "generals wearing helmets with pheasant tail feathers" in the era of feudal emperors and kings, and to Robespierre, head of the Jacobin dictatorship in the 18th century, who was guillotined. He cursed the general in a stern voice and with a stern countenance: "Even if you die, you should also not leave behind a dirty corpse!" Is this a garland the poet has thrown to the general? Of course not, it is precisely a bayonet which will feel content with nothing less than the general's death! Moreover, the target of this bayonet seems not just to be one of two generals, but actually the image of all high-ranking leaders of our army as a whole.

What merits more attention is that Comrade Ye Wenfu's bayonet points not only at our generals but also at bigger targets. He said in his article "Throes of Emancipating the Mind -- After the Publication of 'General, You Cannot Do Like This'" that generals were but small "flies." There were also "tigers" who "had more power in their hands." Thus he posed as a "hero who fights the tiger" and pointed his bayonet at "proletarian revolutionaries," "high-ranking party leaders" and "leaders at various levels" who "had backward class attributes," and at the "second emperor of the Qin Dynasty" and "Yang Guang" of our era. In literary works, the reality of our life has been distorted in this way, the two different types of contradictions have been confused and the leaders of the people's revolution have been likened to feudal rulers. Does this not run counter to the four basic principles and reflect the trend of bourgeois liberalization?

In his article "Unreal Facts and Fabricated Crisis" (carried in JIEFANGJUN WENYI No 11, 1981, Lu Yu pointed out: the poem "A Good Bath" has in reality raised the criticism and exposure of bureaucratism and privileged phenomena to a higher plane of struggling against the privileged bureaucrats, and regarded this as the principal contradiction of our society. The general was depicted in the poem as a privileged bureaucrat who was diametrically opposed to the people. At the same time, the poem told the people to "be vigilant" against him and to "protest" against him. The poem even announced: the general has forgotten the people and will be "ruthlessly abandoned by history!" No doubt, this depiction means only to drop a hint for its readers that such privileged bureaucrats as this general have become a serious threat in our society today.

Undoubtedly, the existence of bureaucratism and privileged phenomena is an important problem in our society today. But taking the society as a whole, this is only a non-essential problem. They have not formed a "bureaucratic class" in our party or state and cannot become the principal contradiction which decides or changes the nature of society and affects the orientation of social development. With ulterior motives, a handful of people put forth the fallacy of there being a "bureaucratic class" within the party, attempting to shake the people's faith in the four basic principles and throw the world into disorder. Our writers should, under no circumstances, echo these words.

In his article "Commenting on Ye Wenfu's Creative Tendencies Based on His 'General, Give Yourself a Good Bath'" (published in WENYI BAO No 23, 1981), Zhou Shenming pointed out: This poem describes how a PLA "general" installed modern bathing facilities in the basement of his apartment. If the purpose of writing this poem is to oppose feudal prerogatives which remain in the party, it is, of course, beyond reproach. However, this poem actually distorts and vilifies the image of our veteran cadres and the image of the party. Starting from the very beginning, the author of the poem reproaches the general with a rebuking tone: "Yes, general, you should really give yourself a good bath. Even when you die, you should leave a corpse which is not too dirty. You should not use this kind of bathtub. Is this the standard of modernization? Do you regard modernization as a girl whom you can rape as you please?" The erroneous tendencies of "General, Give Yourself a Good Bath" do not lie in the author's criticism of the prerogatives of the "general" but in the way he treats the defects and shortcomings in our efforts to oppose prerogatives. Judging from the tendencies which the author reflects in his poem "General, Give Yourself a Good Bath," it is not difficult to see that he has not upheld the stand of the party and failed to correctly understand and treat the following two problems: while opposing privileges, should we make a distinction between the two different kinds of contradictions? Where do the privileges in our social life come from? These are two most important problems. The author of the poem "General, Give Yourself a Good Bath" has committed serious ideological mistakes in these two problems. After reading the whole poem, we find out that the poet has lost control of his feelings to such an extent that he fails to differentiate between the enemy and ourselves and confounds black and white. Under his pen, our general is the same as the emperor who exercised feudal dictatorship and reactionary generals of the bourgeoisie.

Zhou Zhenming also stressed in his article: "It is necessary to clarify whether the story is fictitious or based on actual events, because the author mentions this problem in the preface of the poem 'General, Give Yourself a Good Bath.'" He added: "Now we see that the author's arguments expressed in the preface are inconsistent. At one point he says that the story is based on true persons and true events, but he argues at another point that it is a fictitious story. It is obvious that this preface is ingeniously 'conceived,'" Zhou Shenming went on to say: "To give the reader an opportunity to inquire about the story and guess, Ye Wenfu goes so far as to fabricate the 'original story.' To pander to the tastes and curiosity of certain people, he speaks evasively and ignores the prestige of the party and the people's army. Such an attitude is undesirable." He pointed out: "It is safe to say that the poem 'General, Give Yourself a Good Bath' reflects the ideological trends in the society which negate the party leadership, socialism and the four basic principles. The publication of this kind of works has added fuel to these erroneous ideological trends."

In conclusion, Zhou Shenming said in his article: We hope that Comrade Ye Wenfu will pay attention to his own mistakes and dare to take up the weapon of criticism and self-criticism to "thoroughly eliminate 'political dust and political germs' in his mind and completely reform his world outlook so that he can write good works for the party and the people."

GONGREN RIBAO ON BAI HUA'S SECOND SELF-CRITICISM

HK111342 Beijing GONGREN RIBAO in Chinese 5 Dec 81 p 4

[Extracts from article in 12 November 1981 WENXUE BAO in "Press Digest" column: "Author of 'Unrequited Love,' Bai Hua, Makes Second Written Self-Criticism"]

[Text] Comrade Bai Hua, one of the authors of the film script "Unrequited Love," has, with the assistance of the party organizations of the PLA unit to which he belongs, conducted a self-criticism of his errors and written a second self-criticism. In this self-criticism, he wrote that the well-known article in WENYI BAO was of great help to him and served to enlighten him. The article both sternly pointed out the erroneous effects of "Unrequited Love" and analyzed the contradictions and confusion inherent in the authors' world outlook. As a writer who is also a party member, it was necessary for Bai Hua to conduct a searching self-criticism, correct his mistakes and to write a new work that would be beneficial to the people and to socialism. The self-criticism is divided into five sections: 1) "Unilateral love" and "unilateral pining" are basically not patriotism. 2) It was extremely wrong of me to use idol worship to criticize the personality cult. 3) Artistic techniques guided by erroneous views can only intensify errors. 4) A review of the contradictions inherent in my world outlook. 5) There will be opportunities to make up for my mistakes in the future. In his self-criticism, he said: "At major historical turning points," a writer will quite naturally ponder over certain problems, but, due to errors in viewpoint and the influence of erroneous ideological trends in society, he will draw erroneous conclusions in respect to certain problems. "On the one hand, I am deeply grateful to the party for its policy toward intellectuals. On the other hand, I was too cowardly to negate the question of the eternally tragic role of intellectuals in China. I equated the fate of intellectuals in feudal society from the time of Qu Yuan with the unfair treatment suffered as a result of leftism in party policy. It was, of course, extremely wrong of me to do this. The feeling of hopelessness of the play has ended but the tragedy that was created in the minds of the readers of 'Unrequited Love' was precisely the reflection of these contradictions within me."

RENMIN RIBAO CARRIES POEM ON WUSULI JIANG

HK180801 Beijing RENMIN RIBAO in Chinese 17 Dec 81 p 8

[Poem by Liu Qian [0491 5709]: "Outpourings From the Banks of the Wusuli Jiang (Ussuri River)"]

[Text]

I

Is this a gashing wound laid bare by the sword of humiliation and intimidation?
The gurgling Wusuli Jiang flowing past before my eyes...
Wusuli Jiang, Wusuli Jiang --
The severed artery of my mother!
Let me stretch out my hands, and softly touch your wounded body...
But, how can my burning love in any way assuage your deep ache and sorrow!

II

Here the color of the waves is like yellow goosedown.
Here the color of the riverbanks is dark green.
Here the color of the sand is like bronze.
Here the color of the clouds is silvery white.
But surrounded by all these beautiful colors, the ankles of the continuously rushing
Wusuli Jiang are the color of blood...
These ankles are the color of blood!

III

Yes, crimson red blood covers the feet of history...
Fickle willow trees on the riverbanks, are you trying to cover up these bloody memories?
Frivolous moon and refreshing wind, are you trying to sweep away these bloody memories?
You cannot, you cannot!
Blood is thicker than water!
The bloody memories have permeated the land and infiltrated our minds. They are coursing through our tough and rugged veins...

IV

By the bank of the river stands a temple of Guan Yu, a broken-down temple of Guan Yu.
During the time of humiliation, a stupid emperor prayed there for a miracle.
Motherland, because you were poor and weak, impartial history also played a cruel joke on you.
Where was there any divine force?
Where was there any divine power?
The sword of Guan Yu was only like the toy in the hands of a child, how could it frighten the growling bear?!
Wind and rain, disintegrate all stupid saviors.
In the wind and rain, the roof and walls of the temple crumpled.
Good, good, the god has been destroyed.
Good, good, conviction is armed with a sword.
Now, in front of the temple, the river surges.
There, speed the blue gunboats of the motherland...

V

Hutou is a small village by the side of the river.
The walls are red. The tiles are grey. Freedom and willpower radiate from the windows of every peasant household.
Hutou, how it stirs the souls of people.
Hutou is like a warrior in a coat of chainmail, like a clenched fist, standing majestically by the river and watching every movement on the river...
Look, Hutou is raising its head!
Hutou, mother's safety and honor depend on your vigilance; for the sake of the tearful request of that generation, you should have strength magnified a thousandfold, stored in your heart?!

VI

My motherland!
For the sake of touching every inch of your boundless territory, let me swim naked in the far eastern territorial waters of your river boundary.
Let the surging waves, which are the history of your war of resistance, sweep by my body page by page.
I kiss your flying sprays.
I drink your past bitterness.
Floating on the long river of history, my heart bears the well wishes of your children.
Motherland, destiny has awakened you with the baptism of bitter tempering and hopes to reward you with happiness...
Your children are proud of their love, but this is followed by slow pain and sorrow -- even now you have not cast off poverty and it is still not the time to become affluent!
Let our hearts become an oasis or a fruit garden in your wilderness.
Motherland, you should have more honors, more rewards, and much more happiness...

DENG WRITES INSCRIPTION ON BAISE UPRISING

HK160652 Beijing RENMIN RIBAO in Chinese 11 Dec 81 p 1

[Report: "Deng Xiaoping's Inscription Marks the 52d Anniversary of the Baize Uprising"]

[Text] On 11 December 1929, Deng Xiaoping, Zhang Yunyi, Li Mingrui, Wei Baqun and other comrades led some CCP-controlled Kuomintang troops and armed peasants to launch an uprising in Baize, Guangxi. Following the Baize uprising and the Longzhou uprising, the 7th and 8th Red Armies, the Youjiang [right river] soviet government and the Zuojiang [left river] soviet government were established, thus setting up revolutionary bases in both Zuojiang and Youjiang.

[The full text of Deng inscription in his own writing reads as follows]

Commemorate Li Mingrui, Wei Baqun and other comrades Mingrui
Eternal glory to revolutionary martyrs in the Baize uprising!
Deng Xiaoping
11 December 1981

VICE PREMIER GU MU RETURNS FROM TOKYO CONFERENCE

OW171548 Beijing XINHUA in English 1512 GMT 17 Dec 81

[Text] Beijing, December 17 (XINHUA) -- The Chinese Government delegation headed by Vice-Premier Gu Mu returned here from Tokyo by air tonight after attending the second Sino-Japanese ministerial conference.

It was greeted at the airport by Yao Yilin, vice-premier; Han Nianlong, vice-minister of foreign affairs; and Zhou Jiannan, vice-minister of the Administrative Commission on Import and Export Affairs.

Also present was Koje Watanabe, charge d'affaires ad interim of the Japanese Embassy here.

Deputy head of the delegation Huang Hua, who is vice-premier and minister of foreign affairs, returned here yesterday.

TRAIN SERVICE TO INCREASE DURING SPRING FESTIVAL

OW171306 Beijing XINHUA in English 1252 GMT 17 Dec 81

[Text] Beijing, December 17 (XINHUA) -- China's railways expect to move more than 126 million passengers during the January 5 to February 14 spring festival next year, according to the Ministry of Railways.

Special holiday service will begin January 5 as passengers begin leaving for home. The traditional festival falls January 25.

The ministry says 4.8 million more passengers will be moved during the coming festival than were in the last festival period. The railways will carry 3.25 million passengers every day, 0.65 million more than normal, the ministry says.

An additional 225 trains will be added during the festival, the ministry says. Forty one will run between Beijing and Shanghai, between Shanghai and Jinan, Liuzhou, Lanzhou, Zunyi, between Wuchang and Guangzhou, and between Nanjing and Qiqihar.

The Ministry of Communications is also preparing for the holiday crowds by operating an additional 46 passenger ships along both the coast and the Yangtze River. They will carry 41,000 berths. The Ministry of Communications expects the number of ship and long-distance bus passengers to rise 4.8 percent and 20 percent respectively compared with last year.

Railway stations, bus stations and ports throughout the country will open additional booking offices, extend their hours and sell tickets by mail.

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STATE COUNCIL CIRCULAR ON ENTERPRISES' AUDITS

OW161021 Beijing XINHUA Domestic Service in Chinese 1135 GMT 12 Dec 81

[Text] Beijing, 12 Dec (XINHUA) -- In early December the State Council issued a circular on inspecting enterprises' financial affairs, addressed to all provincial, municipal and autonomous regional people's governments as well as ministries, commissions and direct affiliates under the State Council. It decided to select more than 200 people, including vice ministers, department and bureau directors, economists, accountants and vocational backbone workers from all departments of the State Council and organize them into work groups to go to various places to promote the work of financial inspection in enterprises.

The circular says: In order to tap the potential of existing enterprises, achieve better economic results, rectify financial discipline and increase state revenues, the State Council has decided that, in the next 2 months or so, a comprehensive inspection will be carried out of the financial work of state-owned enterprises.

The circular says: This inspection will focus on two aspects: 1) whether the groundwork for business accounting and monetary management is sound; whether ledgers, invoices and charts are complete; whether the accounts on property and goods conform with the actual amount; whether an enterprise has reached or regained its previous economic and technical target peaks; and whether the finance and accounting organs and personnel can meet the needs of an enterprise in strengthening its financial work; 2) the observation of financial discipline. The main points are whether production cost and expenditure of an enterprise conform to state regulations or there are irregularities in deducting, apportioning and computing production costs; whether profits to be delivered to the state have been retained or misappropriated; whether an enterprise acts according to state regulations when retaining shared profits, enterprise funds and other special funds; whether an enterprise acts according to state regulations when repaying the loans for technical measures; and whether an enterprise indiscriminately pays out bonuses, subsidies and allowances, engages in extravagant and wasteful activities and squanders state funds.

The circular says: By conducting this inspection and earnestly summing up and popularizing good experiences in enterprise financial management, problems that have been discovered should be earnestly dealt with. In no way should those enterprises which violate laws and discipline benefit. Violators should compensate for the state's economic losses. In more serious cases, the responsibilities of enterprise leaders and related personnel should be pinned down, even their legal responsibilities should be looked into. Lenient treatment will be given to enterprises which have violated financial discipline but have discovered the problems of their own accord, and harsh treatment will be given to those violators who try to conceal or resist inspection.

The circular says: This inspection will be conducted in different trades according to the order of subordination of enterprises. The main objects of inspection are the state-owned enterprises, including establishments in industry, transport, commerce, food, foreign trade, supply and marketing cooperatives, goods supply, banking, construction and installation, farm reclamation and aquatic products, urban public utilities, culture, education and public health. The point of emphasis is on large and medium-sized enterprises.

ECONOMIST ON RENEWAL OF EXISTING INDUSTRIES

HK120250 Beijing CHINA DAILY in English 12 Dec 81 p 1

[By staff reporter Zhang Ciyun]

[Text] China's plans to shift more funds from capital investment to the renewal of existing industrial enterprises in the next 10 years is the only way to make the economic readjustment and modernization program a success, in the view of Sun Yefang, a noted economist and member of the Chinese People's Political Consultative Conference.

In an interview with CHINA DAILY, Sun said, "I greatly appreciate the 10 principles for economic development outlined in Premier Zhao Ziyang's report to the current people's congress, and I'm particularly happy with the one which calls for making full use of existing enterprises through systematic technical transformation."

He said renewing old enterprises requires less money and brings prompter results than building new ones.

"I have been advocating this policy for almost 20 years, but some economists disagreed with me," he said.

Sun, 74, published an article in 1963 urging the government to stop emphasizing the construction of new enterprises in developing agricultural and industrial production. He suggested the government use half of its capital investment to renew existing enterprises.

"Being a poor and undeveloped country, China cannot afford large-scale capital investment. It is ridiculous that mills purchased in the latter half of the 19th century and machinery imported before national liberation in 1949 are still expected to compete in the world market," Sun observed.

He pointed out that the depreciation rate in China's enterprises is only four per cent 15 to 20 percent lower than in industrialized countries.

If China renews its equipment only every 25 or 30 years, hopes of catching up with the advanced countries are "only a fond dream," he said.

He suggests now that the government raise the depreciation rate to at least 10 per cent "although I am well aware that this means a reduction of almost 20 billion yuan from the annual state income and the Financial Ministry won't be happy about it."

"This is the only right and practical way to complete the current economic readjustment and turn China into a modern, prosperous country by the year 2000," he said.

Sun also said that emphasizing renewal of enterprises will give a boost to heavy industry.

"If heavy industry can shift its focus to the renewal of the more than 400,000 existing enterprises in this country, it could find a vast field for further development and its production could be rapidly increased," he asserted.

Referring to figures cited in Premier Zhao's report, Sun noted that while China's agriculture is enjoying more good harvests and light industrial production has increased by more than 10 percent this year, heavy industrial production has dropped.

As a result, the nation's total agricultural and industrial production rose only 4 per cent this year, well below the average yearly increases of 18 percent during the first 5 year plan (1953-58) and 17.9 per cent during the nation's first 3 year economic readjustment just before the "Cultural Revolution" (1966-76).

Sun said that in the last 2 years, many heavy industrial enterprises have been idled; the sector is now suffering a depression as the result of the nationwide economic readjustment.

"This does not mean that China has overdeveloped its heavy industry, but reveals the fact that heavy industry has been slanted too much to meeting the needs of building new projects and enterprises," he said.

ECONOMIST XU DIXIN DISCUSSES COMMODITY PRICES

HK171000 Beijing ZHONGGUO XINWEN SHE in Chinese 0354 GMT 15 Dec 81

[Report on interview with economist Xu Dixin in Beijing at Fourth Session of Fifth NPC by Beijing International Radio Service reporter]

[Text] Beijing, 15 Dec (ZHONGGUO XINWEN SHE) -- Xu Dixin, an NPC deputy and well-known economist, has said that in 1982, market prices in China will continue to fluctuate, though they will as a whole tend to stabilize and though it is still possible that some prices, especially prices of non-staple foodstuffs, will rise.

This was stated by Xu Dixin during the Fourth Session of the Fifth NPC in an interview with a Beijing International Radio Service reporter on commodity prices.

Xu Dixin said that in the past 2 years, commodity prices in the Chinese market have definitely risen somewhat. Last year, the average retail price index rose by about 6 percent. This included a 13 percent rise in the price of non-staple foodstuffs. In the first half of this year, market prices, while for the most part stable, did fall from time to time. In the second half of this year, most tended to rise, especially those of vegetables and other nonstaple foodstuffs.

He analyzed the reasons for the rise in commodity prices. The basic reason for this is that the increase in the people's purchasing power has outstripped the increase in the supply of consumer goods. The free market has also definitely had a hand in causing price fluctuations. The increase in population has also put a strain on market supply.

Xu Dixin said that it is mainly production which determines commodity prices. Development in production leads to an increase in supply, which in turn will lead to a fall in commodity prices. This is one aspect of the problem. The other aspect is that we must also take supply into account and consider the purchasing power of the people. In the past 2 years, with the readjustment of the national economy, China has, on the basis of developing production, brought about significant changes in the proportional relationships between accumulation and consumption and among agriculture, light industry and heavy industry. Significant developments have taken place in production in agriculture and the light and textile industries. However, the increase in purchasing power in society has been ever more rapid. Because of the implementation of the production responsibility system in the rural areas, there has been an increase in agricultural sideline products. The state has also increased the procurement price of agricultural sideline products. In the last 2 years, the income of the individual peasant has risen by an average of more than 17 percent. At the same time, the salaries of clerical workers have risen and bonuses have also been handed out. During those 2 years, throughout the country, consumption per person per year rose by 25 yuan and by an average of 13 percent. Even after subtracting the part attributable to inflation, commodity consumption per person per year increased by an average of 17 yuan. This shows that the purchasing power of the people has been increased.

Xu Dixin said that this year, total output value for industry and agriculture showed a growth of about 3 percent over the previous year. Total output value for the light and textile industries showed a growth of 12 percent over the previous year. There are many more consumer goods now than there were 2 years ago. The main problem at present is that demand for nonstaple foodstuffs exceeds supply. Therefore, their prices have risen sharply. In some places, like Guangdong Province, the prices of nonstaple foodstuffs may even be higher than elsewhere. However, there are still quite a few localities where prices are relatively stable. As for the recent raising of tobacco and liquor prices by the state, this was only a case of high-grade products. Low-grade products did not increase in price and so did not affect the majority of people very much.

Touching upon the reasons behind rises in the prices of certain commodities, Xu Dixin said that in the last 2 years, production in the light and textile industries has grown quite considerably, especially this year. But in order to further expand reproduction and tap potential within the existing enterprises, a certain amount of the time is necessary. Heavy industry is being reorganized. The promotion of the light and heavy industries and of agriculture will not bring immediate results. Furthermore, some shops have failed to implement state policies and have raised prices without authorization. One feature of the free market is that it enlivens the economy and meets the daily needs of the people. However, prices on the free market are determined by value laws and the relationship between supply and demand and are thus highly unstable and have a definite effect on price fluctuations all over the country. Finally, the question of state finances had to be raised. This year, a basic balance between revenue and expenditure was achieved. The same may be possible next year. We need only act in this manner for it to become a powerful factor in stabilizing commodity prices.

Xu Dixin also said that since China's population grows by 17 million per year, the demand for food, clothing and daily necessities also puts a strain on market supply. This is another reason behind the price rises of certain commodities. Thus the conscientious implementation of family planning will play a part in improving the people's lives and stabilizing prices.

Looking toward the trend of commodity prices on the Chinese market next year, Xu Dixin pointed out that it was state policy to stabilize commodity prices. The people's government attaches great importance to this problem and has put forth certain measures. He was of the opinion that as long as we continue to make sure that a basic balance is achieved in state finances, that production in industry and agriculture are further developed and that the people continue to increase savings deposits (at present, the amount of deposits has already reached 50,000 million-odd yuan), market prices in 1982 will tend to stabilize.

TWO MORE CATHOLIC BISHOPS ORDAINED IN BEIJING

OW181237 Beijing XINHUA in English 1218 GMT 18 Dec 81

[Text] Beijing, December 18 (XINHUA) -- Joseph Zong Huaide, chairman of the Chinese Patriotic Catholic Association, consecrated John Ji Huairang, 72, of Xian Diocese, and Bonaventure Zhang Xin, 70, of Taiyuan Diocese bishops here this morning in St. Mary of the Immaculate Conception Cathedral.

The two were elected this year by clergy and members of their congregations.

Since the Beijing Diocese restored the election of their own bishop in 1979, 10 bishops from Guangdong, Shenyang, Gansu, Jiangsu and Suzhou Dioceses have been ordained. Another two new bishops of Hebei Province will be ordained December 20. So far, China has more than 40 bishops.

The new Bishop Zhang, although in his 70s, is still in good shape.

He told XINHUA: "I am very happy to be elected bishop by my clergy and congregation. Before liberation, some of our Catholics had struggled for electing our bishops by ourselves. Because the reactionary government refused to support us, the churches were under the control of foreign priests. Today, ours is an independent country and so must be our churches, and no foreign interference and control will be tolerated."

He said: "The communists are atheists but they have implemented a policy of religious freedom and they respect our religious beliefs. I am convinced that so long as we persist in the stand of loving the country and the church, our churches will surely be run better."

More than 500 Catholics in Beijing attended today's Mass.

WANG DAOHAN AT SHANGHAI PUBLIC ORDER MEETING

OW130550 Shanghai City Service in Mandarin 1130 GMT 11 Dec 81

[Text] After a 10-day session, the municipal conference on procuratorial work ended on 11 December. The conference made an earnest analysis of the public order situation in Shanghai. The meeting held that some improvements had been made through consistent efforts to consolidate Shanghai's public order. However, the situation has not been thoroughly improved. Social order still remains rather unstable and many complicated factors affecting public order still exist. Therefore, the procuratorial organs must persist in striking at criminal activities, continue to make the improvement of public order their central task and take an active role in the overall coordination of this concern. At present, the procuratorial organs should safeguard public order well during the festive days of the new year and the spring festival in coordination with public security organs and courts.

The conference stressed that it is necessary to continue striking at those master criminals who seriously endanger the public order promptly and severely in accordance with the law. In dealing with youngsters involved in minor law violations, it is necessary to persist with the principle to reform them by making efforts to educate, redeem and help them change through persuasion. It is also necessary to make concerted efforts to strike at criminals, divide and demoralize criminal gangs and educate and redeem criminals with minor violations. Efforts should also be made to bring the power of the party's policy and the state's law further into full play by persisting in dealing with criminals in accordance with facts and judging them by the law's yardstick.

Wang Daohan, secretary of the municipal CCP committee, and (Wang Jian), deputy head of the leading group on political and judicial work under the municipal CCP committee, attended and addressed the conference.

WANG DAOHAN ATTENDS SHANGHAI DEFENSIVE MEETING

OW170239 Shanghai City Service in Mandarin 1130 GMT 15 Dec 81

[Text] Acting on the relevant decision by the central authorities, the Shanghai Municipal CCP Committee has reorganized the Shanghai municipal leading group in charge of people's air defense work into the Shanghai municipal people's air defense committee as a step to strengthen leadership over people's air defense work. The measure was announced at a municipal meeting on 15 December that was attended by leading cadres who are also party members.

The meeting relayed the relevant instructions on people's air defense work recently issued by the CCP Central Committee. The State Council and the CCPCC's military commission; decided on the reorganization of the municipal organ in charge of people's air defense work; and drew up plans for future tasks. The meeting called on all units to get a clear understanding of the importance as well as protracted and complicated nature of people's air defense work and to continue to do a good job in carrying out people's air defense work in Shanghai.

Wang Daohan, mayor and secretary of the municipal CCP committee, and Vice Mayor Wang Jian attended the meeting. Zhang Chen, political commissar of the Shanghai PLA Garrison Command, spoke at the meeting.

BRIEFS

SHANGHAI STUDENT MOVEMENT ANNIVERSARY -- The Shanghai Municipal CYL Committee and the bureau of higher education jointly sponsored a forum of 1981 college graduates to commemorate the 46th anniversary of the 9 December movement. Wang Daohan, Xia Zhengnong, Chen Yi and veteran comrades who took part in the student movement talked with some 100 graduating students. The students pledged to carry forward the glorious traditions of the Chinese youths displayed in the 9 December movement and to willingly accept state unified job assignments. [Shanghai City Service in Mandarin 1130 GMT 8 Dec 81 OW]

GUANGDONG HOLDS BONUS PAYMENTS REPORT MEETING

HK170335 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 14 Dec 81

[Text] The Guangdong provincial people's government held a meeting on 12 December to report on investigations of the bonus situation. Representatives of the provincial metallurgical department, electric power bureau, foreign trade bureau, commerce department, people's bank, Guangzhou municipality, and the provincial bonus work office delivered reports on the situation in implementing the provincial government's circular on rational control of bonus payments.

Vice Governor Yang Deyuan made a speech. In view of certain current problems of under-standing with regard to bonus payment controls, he pointed out that bonuses and prices are linked together. Some comrades hold that since prices have risen, more bonuses should be paid out. But if more bonuses are paid and there are not enough commodities, this will in turn stimulate price increases and lead to a vicious cycle. The provincial government has therefore decided to carry out a simultaneous inspection of bonuses and prices, with the aim of stabilizing market prices and ensuring the workers' livelihood. As far as an area for trade is concerned, bonus payments in the fourth quarter of this year should maintain the level of the same time last year. The payments should not exceed that level. The government departments in charge should take the lead in setting an example. They should not pay out more bonuses in cash or in kind or subsidies, and still less should they make indiscriminate payments. Violations of financial and economic discipline and indiscriminate payment of bonuses in cash or in kind or subsidies discovered during the inspection must be resolutely corrected. Serious cases must be severely dealt with. Units and individuals that stick to principles and do well in implementing the policy on bonuses should be commended.

GUANGXI MEETING ON SOLVING EMPLOYMENT PROBLEM

HK180721 Nanning Guangxi Regional Service in Mandarin 1100 GMT 16 Dec 81

[Summary] "From 9-14 December, the regional people's government convened a regional meeting on employment, declaring that the principal way to solve the employment problem is to develop the collective and individual economies. The final solution of the problem depends on developing production, though the continuous development of commerce and service trades would provide some job opportunities."

The meeting summed up the work concerning employment in the past 3 years and was of the opinion that remarkable results have been achieved through carrying out the policies of encouraging people to find employment on their own by setting up collective or individual undertakings and of the state providing jobs. The region has provided jobs for a total of over 380,000 people awaiting employment. The meeting stated that the region would continue to face an arduous task of providing employment in the future. After pointing out the principal way to solve the problem, the meeting called on the leading groups throughout the region to find as many ways as possible to solve the employment problem. "They should guide the people awaiting employment to develop aquatic breeding, production of local special commodities, processing of agricultural and sideline products, and handicraft production that utilizes local materials and skill, and develop the production of consumer goods, commerce and service trades that are closely related to people's livelihood." "They should educate people and correct the erroneous conventional ideas that regard the collective and individual economies as inferior."

The meeting called on the departments concerned "to vigorously support the collective and individual economies with respect to supply of goods and materials and with respect to sites and loans. They should resolutely rectify the past erroneous policies and practices of discriminating against the collective and individual economies, or even hampering their development. Instead, they should adopt the policies of giving guidance to, encouraging, promoting and assisting the collective and individual economies."

GUANGXI COMMENTARY VIEWS EMPLOYMENT METHODS

HK180819 Nanning Guangxi Regional Service in Mandarin 1100 GMT 16 Dec 81

[Station commentary: "Do Away With Conventional Ideas on Employment"]

[Summary] "Since the 3d Plenary Session of the 11th CCP Central Committee, under the guidance of the CCP Central Committee's politics related to employment, our region has achieved heartening results in providing jobs for people awaiting employment by opening up new possibilities. This has played a positive role in developing the economy, enlivening the markets, improving the people's livelihood and increasing the stability and unity of the community."

However, the commentary says that quite a few people entertain some erroneous ideas on the new ways to provide job opportunities, such as employing people in collective and individual undertakings as well as in state-owned enterprises. "Some of our cadres and masses think highly of state-owned enterprises but think little of the collective economy and even less of the individual economy. They also look down on the production of consumer goods and despise commerce and service trades. In arranging production they pay attention only to industry and ignore aquatic breeding undertakings." "Some of the people awaiting employment are not willing to be employed in collective enterprises. Some of the parents of people awaiting employment do not want their children to be employed in collective enterprises. They think that the jobs in collective enterprises are inferior and contemptable and have declared that they would rather have their children waiting for 3 years than having them immediately employed in collective enterprises. Some people who have already been employed in collective enterprises try every possible means to be transferred to state-owned enterprises. They think that one can call oneself employed in the true sense only when one is employed in a state-owned enterprise."

The commentary calls on the leading groups at all levels to strengthen their ideological work in this respect in order to teach the people to be aware of the important role and bright prospects of the collective and individual economies. "Developing the collective and individual economies will be the principal way to solve the employment problem in the future," the commentary says.

The commentary concludes, "all the relevant departments should emancipate their minds, clearly understand the policies and vigorously support the collective and individual economy in terms of supply of materials and goods and provision of sites and loans in order to facilitate the development of these economies."

HUNAN REPORTS INDUSTRIAL OUTPUT VALUE INCREASE

HK170651 Changsha Hunan Provincial Service in Mandarin 2310 GMT 15 Dec 81

[Text] According the HUNAN RIBAO, a reporter learned from the provincial people's government on 15 December that by the end of November the total value of the province's industrial output was 16.164 billion yuan. If the province's output value in December is 1.336 billion yuan, we will have achieved a 4 percent growth over the whole year.

The provincial people's government demanded that leading cadres and the workers on the industry and communications front work hard through the last 2 weeks of the year and fight a decisive battle in industrial output. The province's output value broke through the 1.5 billion yuan in both October and November, and the situation was very good. However, many places have reported in recent days that some enterprises that have fulfilled their production tasks well are afraid that if they produce a lot in excess of the plan their base figure will be raised. Certain enterprises unable to meet the production demands of provincial authorities have decided to just produce what they can in December. Some have relaxed production, holding that it is nearly yearend now.

The provincial people's government has demanded that the leading cadres and workers on the industrial and communications front urgently mobilize, brace their spirits, work hard through the last 2 weeks of the year, and resolutely and unswervingly fulfill and overfulfill the industrial production tasks for the year.

HUNAN RIBAO LETTER ON YEAREND STATE REVENUE

HK170713 Changsha Hunan Provincial Service in Mandarin 2310 GMT 15 Dec 81

[Text] HUNAN RIBAO on 16 December carries at the head of page 1 a letter from (Xiao Jiaoxia) and (Hou Songde) of the provincial finance department, stressing that it is forbidden to undermine the state's financial revenue in the yearend final accounting. The letter says that in recent years, while checking enterprise accounts we have discovered that certain state-owned enterprises, neglecting state interests, adopt various improper means in their yearend accounting to submit false statements and undermine state revenue, in order to carry out capital construction not covered by the plans, pay out bonuses on a lavish scale, give banquets, present gifts and so on.

For instance, during the final accounting last year, a certain iron and steel plant put certain expenditures that did not square with state regulations into the production costs column, thus reducing profit turnover to the state by 4.54 million yuan. According to our information, some state-owned enterprises are carefully planning to juggle the books this year, and preparing to fish in muddied waters in the yearend accounting.

The 1981 yearend accounting is about to start. We appeal to leaders at all levels to be on guard against behavior that shows a weak concept of the state, indiscriminate juggling of the books, and depriving the state of revenue. They must teach the enterprise leaders to establish the concept of the state, take the lead in observing financial and economic discipline, and resolutely refrain from malpractices that damage the state's interests. It is necessary to support the accounting personnel in carrying out their responsibilities, and dare to wage struggle against violations of financial and economic discipline. It is necessary to deal severely with enterprise leaders concerned and accounting personnel who fail to stick to principles, submit false reports and deprive the state of revenue.

HUNAN RIBAO, PROVINCE VIEW PRESS CRITICISM

HK180337 Changsha Hunan Provincial Service in Mandarin 2310 GMT 16 Dec 81

[Text] The 17 December HUNAN RIBAO frontpages a commentator's article entitled: "It is Necessary To Persistently Carry Out Press Criticism and Self-Criticism." The article comments on the uproar following the publication of a reader's letter on 31 October criticizing the Changdao restaurant in Changsha city, and dwells on the importance of currently launching criticism and self-criticism in the press.

The article says in conclusion: This year the Central Committee pointed out in its decision on current principles for press and radio propaganda: In recent years many newspapers and publications have attached importance to reflecting the masses' views and cries and actively launched criticism and self-criticism. In this way they have strengthened ties between party and masses and also enhanced the reputation of the papers and publications and of the party. In future we must persistently work in this way.

The Central Committee's criticisms of the press have expressed full affirmation and support. As the organ of the provincial CCP committee, HUNAN RIBAO will follow the principles laid down by the Central Committee, overcome existing shortcomings, and further unfold press criticism and self-criticism in an unswerving, correct and serious way. At the same time, we hope that the party organizations at all levels will resolutely respond to the call of the Central Committee and attach importance to and be skillful in using the press to carry out criticism and stimulate work.

We must help those comrades who cannot take a correct view of press criticism to enhance their understanding and correct their attitude. People should be happy to have their errors pointed out and should not conceal their faults for fear of criticism. Only thus can criticism reach its predicted aim and our work make constant progress.

The paper also frontpages letters from the Changsha Changdao restaurant and the municipal No 2 commerce bureau. The letters conduct self-criticism in view of readers' criticisms, and pledge to take criticism as the motive force for putting things right and completely correcting their style of management.

HUNAN NOTES SHIFTS IN RURAL, URBAN BUYING POWER

HK180231 Changsha Hunan Provincial Service in Mandarin 2310 GMT 17 Dec 81

[Text] A HUNAN RIBAO reporter learned from the current provincial planning conference on 17 December that a new change has occurred in the growth of social purchasing power in the province this year, with the rate in the rural areas outstripping that in the towns. According to statistics for the January-November period, retail sales of consumer goods in the rural areas amounted to 4.26 billion yuan, a 12 percent rise over the same period last year, while retail sales of consumer goods in the urban areas amounted to 2.75 billion yuan, a 10 percent rise.

Comrades who had hurried to the conference just after investigating rural market conditions happily told the reporter a household with annual income of 10,000 yuan is not a rarity in rural areas now, and there are quite a number of production teams where every household enjoys an annual income of 1,000 yuan. The peasant masses have cash in their hands. Apart from buying the necessary production materials, they build houses, take brides, buy the "three big items," and have new clothes made. Everywhere there is a moving scene of prosperity.

A responsible comrade of the provincial CCP committee pointed out at the planning conference agriculture is now in the forefront. This is bound to stimulate industrial and commercial development. The industrial departments must vigorously develop production of readily-marketable consumer goods and increase output of medium and small farm machines and tools and chemical fertilizer, to meet rural needs following the institution of responsibility systems in the rural areas. The commercial departments must do their work well and occupy the vast rural market.

LIU FUSHENG SPEAKS AT HUNAN MILITIA CONFERENCE

HK180233 Changsha Hunan Provincial Service in Mandarin 2310 GMT 17 Dec 81

[Text] The Hunan Military District recently held a militia work conference attended by responsible comrades of all military subdistricts, garrisons, and county and municipal people's armed forces departments, to concentrate on studying questions in strengthening militia building in the new situation.

Provincial CCP committee Secretary and people's armed forces committee Chairman Liu Fusheng spoke at the meeting. Comrade Liu Fusheng emphasized: strengthening militia building amid the new situation of building the four modernizations is a long-term strategic task for the whole party and army. Party committees and government at all levels must put militia work on their regular agenda, while concentrating efforts on economic construction. They must do a sound job in putting militia work on a sound basis in three aspects in light of the new situations and problems that have arisen in this work.

SICHUAN COURT DISCUSSES CRIMINAL, ECONOMIC CASES

HK170352 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 14 Dec 81

[Text] According to SICHUAN RIBAO, the provincial higher people's court held a provincial meeting on trying criminal and economic cases 30 November - 12 December. The meeting demanded that people's courts at all levels throughout the province brace their spirits, improve the work of trying criminal and economic cases, and strive for a fundamental turn for the better in social order as quickly as possible. The meeting was attended by presidents of prefectural and municipal intermediate people's courts and some basic-level courts, presidents of criminal and economic courts, and responsible comrades of the military court of the provincial military district, the Chengdu railroad transport courts, and provincial departments concerned.

The meeting fully affirmed the positive role played in the past 3 years by the trying of criminal and economic cases by people's courts at all levels under the leadership of the provincial CCP committee and party committees at all levels in tackling problems of social order in a comprehensive way. The meeting pointed out that there has been some turn for the better in social order as a result of the rectification carried out in the past 2 years. However, there has not yet been a fundamental turn for the better. The people's courts at all levels should continue to regard the rectification of social order as their cardinal task and get a good grasp of it. At present criminal activities in the economic field are extremely rampant. It is necessary to regard criminal elements engaged in smuggling, speculation and so on as key targets and deal with them severely according to law. It is necessary to improve the world of mediating and handling economic cases and disputes. Through conducting trials, we should launch extensive propaganda and education in the legal system and expand the results of handling cases. It is necessary to investigate and study the new situations and problems, actively take part in tackling social order problems in a comprehensive way, and reduce and guard against crime.

To improve the work of trying criminal and economic cases, it is necessary to strengthen the force of people engaged in the work. We should do a good job in rectifying the existing cadre force, train them well, and improve their political and professional qualities. We should also augment this force, especially in the trying of economic cases. The conference demanded that judicial cadres and policemen throughout the province brace their spirits and strive for a fundamental turn for the better in social order.

SICHUAN FORMS NUCLEAR SCIENCE ASSOCIATION

HK180249 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 17 Dec 81

[Text] The Sichuan provincial nuclear science and technology association, composed of nuclear scientists and technologists in the province, was established and held its first annual meeting in Chengdu 10-16 December. Over 100 nuclear science and technology workers from 44 units on the research, education, and national defense fronts attended the establishment gathering and first annual meeting of the association. Provincial CCP committee Secretary He Haoju and Vice Governor Liu Haiquan made speeches. Comrade Jiang Shengjie, vice minister of the Second Ministry of Machine Building, attended the meeting and spoke on striving to develop China's nuclear energy science and technology.

The meeting elected the first council of the association, with (Li Zhengwu) as council director and (Wan Hai) and 17 other comrades deputy directors. The meeting summed up the achievements of nuclear research in the province and the growth of the number of nuclear technologists. Extensive academic exchanges and discussions were also held. The meeting held detailed discussions on improving the level of nuclear science and technology in the province as rapidly as possible, popularizing and applying nuclear technology, and building nuclear power plants in the province as rapidly as possible. The participants also made plans and arrangements for making unclear technology serve society and the people in future.

YIN FATANG VISITS XIZANG; TAX REMISSION EXTENDED

OW161317 Beijing XINHUA in English 1204 GMT 16 Dec 81

[Text] Lhasa, December 16 (XINHUA) -- The party committee and people's government of the Tibet Autonomous Region have extended the term for remission of agricultural and animal husbandry taxes to 1985 in Ngari Prefecture as a measure for developing the remote prefecture's economy, according to Tibetan authorities.

The tax remission period throughout Tibet which, began by the central government last year, will expire at the end of this year except in Ngari. After 1985, light taxes will be levied in Ngari, the authorities said. Located in western Tibet, Ngari, one of the region's major pastoral areas, covers an area of 310,000 square kilometers and has a population of only 48,000. The output value of animal husbandry accounts for 90 percent of the prefecture's economy. An altitude of 4,500 meters above sea level and lack of traffic facilities prevent local production from rapid development and people's living standards from improving.

Other steps taken to improve the economy of Ngari include providing more power in formulating plans for production, using resources and funds and developing culture and education. The region will help the prefecture with funds, materials and grain, the authorities said. Leaders at various levels of the prefecture have been told to pay more attention to animal husbandry and the improvement of livestock quality. In valleys, basins and lake areas, authorities have also urged the people to increase the output of grain and forage crops.

Herdsmen and peasants in Ngari are allowed more private livestock and plots than in other areas. Enterprises operated by collective units and individuals are encouraged, the authorities said. Loans will be issued for communes and their branches to buy trucks. Those areas in which democratic reform is not carried out will maintain the status quo, they said.

These economic decisions followed a 40-day investigation in Ngari by Yin Fatang and Yangling Dujie, first secretary and secretary of the Tibetan party committee.

BRIEFS

SICHUAN PHILOSOPHY CONGRESS -- The first congress of the Sichuan Provincial Federation of Philosophy and Social Sciences Societies was held in Chengdu on 8 November to sum up experiences in launching academic activities over the last few years and to arrange for future work. Secretaries of the Sichuan Provincial CCP Committee Yang Rudai, He Haoju and Yang Wanxuan, Vice Chairman of the provincial people's congress standing committee Ma Shitu, and other responsible comrades of departments concerned attended the congress. Representatives of other units concerned such as the provincial philosophical society, economics society, history society and others also attended the congress. (Xian Yizhu), acting director of the Propaganda Department of the Sichuan Provincial CCP Committee, gave the opening speech and presided over the congress. In his opening speech, Comrade (Xian Yizhu) announced the agenda for the congress. Comrade He Haoju and Ma Shitu also spoke successively at the congress and extended warm congratulations on the opening of the congress. Comrade (Chen Wen) gave a work report at the congress summing up the province's achievements in philosophical and social scientific work over the last few years. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 8 Dec 81 HK]

SHIJIAZHUANG MEETING ON ECONOMIC DEVELOPMENT

HK171206 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 6 Dec 81

[Text] The Shijiazhuang Municipal CCP Committee recently held a meeting of responsible cadres of all districts, departments, offices, committees and bureaus to further define the orientation of future economic development, strengthen the building of the province's capital, take the lead in doing well in material and spiritual civilization and give full play to its role as a key city.

In August this year, when leading comrades of the central authorities came to our province to inspect work, they listened to the reports made by the Shijiazhuang Municipal CCP Committee and said, the Hebei provincial capital was Tianjin in the past and is Shijiazhuang municipality now. They hoped that after 3 to 5 years' efforts, you will completely replace Tianjin as the provincial capital. The provincial capital must become the center of Hebei.

The Shijiazhuang Municipal CCP Committee held that this is the demand which the CCP Central Committee put forth and the hope which it placed on party organizations at all levels and on all people throughout Shijiazhuang municipality. This is also a glorious and arduous task. With a view to fulfilling this demand by the central authorities as quickly as possible, responsible comrades of the Shijiazhuang Municipal CCP Committee recently led responsible cadres of all departments on a visit to Tianjin municipality to learn from their advanced experience. After their return, they compared this municipality's situation with that of Tianjin to find out the differences. They formulated measures to vigorously promote economic development.

From 25 - 27 November, the municipal CCP committee held a meeting which was attended by some 2,000 responsible cadres. Municipal CCP committee First Secretary Jia Ran made a report on the municipal tasks for next year and its future plans. Provincial CCP committee Second Secretary Jiang Yizhen attended and gave an important speech. In light of the situation of economic development in our province and in Shijiazhuang municipality since the 3d Plenary Session of the 11th CCP Central Committee, Comrade Jiang Yizhen pointed out in his speech the clear orientation for future economic construction in Shijiazhuang. He dealt with five matters:

1. It is essential to enhance our ideological understanding and spontaneously do well in economic construction in accordance with the line, principles and policies of the party.
2. It is necessary to criticize leftists and the former principal responsible person of the provincial CCP committee, act in accordance with economic laws, emancipate our minds and bring economic work on to a new road.
3. It is imperative to fully utilize the advantages of our province's economic foundation, develop production of consumer goods and enliven heavy industry.
4. We must do well in building our province's capital so as to make Shijiazhuang really become the center of Hebei.
5. We must inspire enthusiasm, go all-out and work hard.

Comrade Jiang Yizhen especially put forth important constructive ideas on how to do well in the construction of the province's capital and how to make Shijiazhuang municipality really become the center of Hebei. Comrade Jiang Yizhen held that our province's capital must become the political, economic, scientific, technological, cultural and trade center of the whole province. In light of the situation and of the problems of Shijiazhuang municipality, he put forth five suggestions:

1. In industry, apart from developing production of consumer goods and doing well in readjustment, we must strive to enhance the management level.
2. We must vigorously develop the cause of science and technology and provide the whole province with technology, people of ability and achievements in scientific research.
3. Shijiazhuang municipality must become an important materials collection and distribution center, a trade center and an export base for the whole province.
4. The levels of culture, education, public health, social morals and prevailing customs of the municipality must be the highest and the best in the whole province.
5. We must gradually build Shijiazhuang municipality into a city where the economy thrives, spiritual civilization is achieved, appearances are good, clean and tidy, and people's daily life is stable and convenient.

Comrade Jiang Yizhen mentioned many favorable conditions for fulfilling the above-mentioned demands. He also pointed out that so long as we fully understand and make use of these favorable conditions, we can do our work well. Comrade Jiang Yizhen put forth that to do well in the construction of the capital and make the provincial capital play the leading role in building material and spiritual civilization throughout the province, the comrades in Shijiazhuang municipality are required to work hard. What is more important, the provincial CCP committee and the provincial government must strengthen leadership over urban work, and all departments at the provincial level must vigorously support them. Comrade Jiang Yizhen hoped that they would all display their wisdom and courage and lead the staff members, the workers and the masses to make new and even greater contributions toward the four modernizations.

In his speech, Comrade Jia Ran said that when they went to Tianjin this time, the principal responsible comrades in Tianjin said that after the leading comrades of the central authorities listened to their work reports, they proposed this task to them and asked them to cooperate with Shijiazhuang municipality in an all-round way. After discussion, leading comrades of the two municipalities exchanged their opinions on the issue of developing all-round cooperation of the two municipalities. They are now drafting a summary of economic coordination and technological cooperation. Regarding how to do well in future economic construction, Comrade Jia Ran said we must mainly grasp the building of material and spiritual civilization so as to greatly develop and promote all work throughout the municipality:

- 1) Great development and promotion does not mean enlarging the area of the municipality without restrictions, increasing urban population and building new and big enterprises with advanced technology, but rather it means giving full play to the role of existing enterprises. We must run existing enterprises well and must not lay stress on building new enterprises. We must make full use of the existing factory premises and factory grounds, utilize new technology, reform techniques, renew equipment, produce a new generation of products, raise the grade of products and enhance enterprise management level in an all-round way. We must lay stress on the economic effects.
- 2) We must continue to do well in readjustment and grasp well the four key trades of the textile, light, foodstuff and electronics industries and more than 20 key products. Well-known brand products of superior quality must be produced and supplied the market as quickly as possible.
- 3) We must do well in industrial reorganization, economic coordination and technological cooperation and gradually find a new road for economic development.
- 4) Leaders at all levels must concentrate most of their energy on economic construction. All departments must start their work with the stress laid on the central task formulated by the municipal CCP committee. The cultural, education, public health and physical cultural causes must develop correspondingly.

Comrade Jia Ran demanded, all comrades attending the meeting must fully understand the current situation and the role, duty and tasks of Shijiazhuang municipality. We must seriously learn from the experience of Handan municipal No 2 construction company. With the Chinese women's volleyball team as our example, we must emancipate our minds, inspire enthusiasm, vigorously correct our unhealthy trends and resolutely eliminate privileges. We must study well, unite as one and work to achieve good results. We must promote spiritual and material civilization throughout the municipality so as to make Shijiazhuang municipality really become the center of Hebei Province.

HEBEI ENTERPRISES CAUTIONED ABOUT BONUS GIFTS

HK170607 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 10 Dec 81

[Text] According to reports from the provincial government's office for controlling the purchasing power of social bodies, certain enterprises and other units have recently applied to buy commodities specifically designated by the state as under controlled purchase, including bicycles, recorders, cameras, radio sets, sewing machines, handbags, nylon, silks and satins, quilted covers, brocade pennants, award pennants and so on, in order to reward progressive collectives and individuals for 1981 or for use as welfare goods for the workers.

In view of this, the provincial government's office for controlling the purchasing power of social bodies had demanded that all departments concerned pay a high degree of attention to this problem. Every unit must seriously carry out the relevant policies, and must not spend public funds on buying commodities specifically designated by the state as under controlled purchase, for issue as rewards. They must resolutely curb big yearend cash payments. It is hoped that the offices for controlling the purchasing power of social bodies throughout the province will be strict in examining and approving such applications. The commercial and supply and marketing departments must do their work well, and the banks must do well in the work of transferring accounts and doing final accounting. Financial departments of all units must do well in reporting the state of their accounts, and work together to uphold financial and economic discipline.

NEI MONGGOL REPORTS BUMPER 1981 HARVEST

SK110838 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 8 Dec 81

[Text] According to statistics recently compiled by the Nei Monggol regional statistical bureau, our autonomous region has reaped a bumper agricultural and livestock harvest this year. Agricultural output value is expected to reach 3.61 billion yuan, a 12.8 percent increase over the 1980 figure. In spite of the abnormal weather conditions this year, such as serious drought and snowstorms, the party committees and the people's governments at all levels have earnestly implemented the party's policies on rural economy. In particular, the autonomous regional CCP committee has adhered to the principle of taking agricultural and livestock production as its main task and developing a diversified economy and has vigorously enforced the production responsibility system of chiefly assigning output quotas for individual households and specialized work groups. This has brought into full play the production enthusiasm of the broad masses of peasants and herdsmen and has resulted in great achievements in increasing output and income in agricultural and livestock production throughout the region.

The total grain output has reached 10.2 billion jin, a 28.6 percent increase over the 1980 volume and almost topping previous peaks. The total oil-bearing seed output has reached 650 million jin, a 29 percent increase over the 1980 figure. The sugar beet output has reached 1.92 billion jin, an 18.3 percent increase over the 1980 volume. Both oil-bearing seed and sugar beet output surpassed the previous peak. By the end of 1981, the autonomous region is expected to have 33,506,000 head of livestock, a 3.6 percent increase over the 1980 figure. Thanks to all-round bumper agricultural and livestock production, the regional agricultural output value has been greatly increased and has created the highest record in over the past 30 years.

ZHOU HUI ATTENDS NEI MONGGOL MILITARY MEETING

SK110544 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 10 Dec 81

[Excerpts] According to our reporter (Wu Xinmin) and correspondent (Yang Yingcheng), the meeting of representatives of those who are advanced in the campaign of emulating Lei Feng, models and heroes and in the building of the socialist spiritual civilization which was sponsored by the regional military district solemnly concluded on 9 December after a 7-day session. At the meeting, 16 advanced units and 20 advanced individuals were commended in accordance with an order of commendation.

(Cai Ying), commander of the regional military district, delivered a report entitled: Emulate the Advanced, Exert Ourselves, and Upgrade the Army Building of Our Region. He urged party organizations at all levels to launch an ideological campaign and enhance their understanding and consciousness of building spiritual civilization. He said, painstaking efforts should be made to grasp essential issues to change our world outlook and overcome a lax and weak phenomenon in guiding ideology in close accordance with the realities. Further efforts should be made to stir up an upsurge throughout the region in emphasizing spiritual civilization and emulating Lei Feng to make new contributions to building the regional military district into a modern and regular army as soon as possible while doing a good job in political education, various tasks, ideological work in organizations and units and management.

Zhang Debin, political commissar of the regional military district, also spoke at the meeting.

Zhou Hui, first secretary of the regional CCP committee and first political commissar of the regional military district, extended warm greetings at the end of the meeting. He urged commanders and fighters of the regional military district to warmly respond to the call of the CCP Central Committee to emulate Comrade Lei Feng, take the initiative in establishing revolutionary goals and proletarian outlook on life and make the people's army become a genuine great wall of steel guarding our country and become a glorious contingent of vanguards.

(Li Cunyi) and (Liang Fenggang), deputy commanders of the regional military district; (Meng Qingxian), deputy political commissar; and (Bao-yin-za-bu) and (Li Yongsheng), advisers, attended the meeting along with other responsible comrades of ideological, political and logistics departments of the regional military district.

SHANXI SCHEDULES PEOPLE'S CONGRESS FOR 21 DEC

HK180207 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 17 Dec 81

[Summary] The 12th meeting of the 5th provincial people's congress standing committee opened 17 December. The meeting decided to convene the fourth session of the fifth provincial people's congress in Taiyuan on 21 December. This meeting will listen to and examine a summation report on county-level elections and a report on the work of the provincial people's congress standing committee. The meeting will also draft the agenda for the people's congress session and the namelists of members of its presidium and various committees.

Ruan Bosheng, chairman of the provincial people's congress standing committee, spoke at the meeting on 17 December, introducing the proceedings and spirit of the Fourth Session of the Fifth NPC. He said, "The spirit of this session is concentrated in Premier Zhao Ziyang's government work report, which laid stress on analyzing and studying problems of economic construction. We must seriously study and implement this spirit in connection with Shanxi realities."

Zhang Jianmin, vice chairman of the provincial elections committee and vice governor, then delivered a summation report on county-level elections. Shi Jiyan, vice chairman of the provincial people's congress standing committee, delivered a report on the work of the committee.

TIANJIN VICE MAYOR DENIES PRICE INCREASE RUMORS

HK180628 Tianjin City Service in Mandarin 2330 GMT 3 Dec 81

[Text] At the conference for cadres convened yesterday by the Tianjin Municipal CCP Committee and the people's government, Vice Mayor Wu Zhen delivered a speech on the price problem. He appealed to cadres at different levels to carry out work justly and forcefully, and to resolutely put an end to the spread of rumors and the creating of chaos, so as to ensure the stability of the market, consolidate the situation of stability and unity, and vigorously promote economic construction on various fronts.

Wu Zhen pointed out that since the enforcement of the policy of lowering the price of polyester and cotton fabrics and raising the price of tobacco and alcohol which took effect from 18 November, a lot of comrades have shown an understanding attitude and conscientiously supported the measures taken. However, we have also heard various rumors which misled the public and disrupted the market. The leading comrades at different levels must carry out their work justly and forcefully and not disregard these rumors.

Concerning the problem of food coupons, Wu Zhen said the Ministry of Food has recently issued a notice reiterating that the policy of supplying grain and oil by coupons and at set prices remains unchanged. As for disposition of the amount of grain retained by residents themselves, we uphold the following policy: everyone takes care of his own grain storage, and keeps the full power of disposing of the amount of grain drawn. On the other hand, some rumors have it that wool fabrics, knitting wool, matches and so on are being hoarded, and therefore their prices are going up. Actually all these rumors are groundless.

Now, the price setting power is retained in the hands of the central government; no local authorities are allowed to raise prices arbitrarily. Those cases where the price is raised in a disguised form and in an illegal way should be exposed and reported to the authorities concerned. Pricing departments are required to look into those cases and seriously handle them if incriminating evidence is found. Cadres at the national level, party and youth league members are prohibited from joining in the panic buying of materials, in particular of those commodities in short supply. On the contrary, they should educate their own family members, and advise them not to believe rumors and rush to purchase commodities. Thus we will be able to maintain the stability of the market.

Comrade Wu Zhen also emphatically appealed to all departments concerned to strictly carry out the pricing policy and stressed the prohibition of raising prices without authorization or in a disguised way. This is of special significance in the present situation. All offenders should be dealt with sternly. Commercial departments must schedule the outflow of commodities well, try their best to keep the goods shelves full and ensure the supply of goods. Pricing departments must carry out price inspections, and encourage the broad masses to expose and denounce all offenses against the pricing policy at all times. Strong measures must be taken against those who practice speculation and profiteering, fabricate rumors to create trouble, disrupt the market and stir up strife.

Now the new year and spring festival season are drawing nearer and nearer. Commercial departments and units concerned must vigorously promote the production of seasonable goods to ensure the supply, making greater contributions to facilitate the people in the city joyfully passing the festive season and welcoming the new year in high spirits.

TIANJIN CCP ADOPTS MARKET SUPPLY, PRICE CONTROLS

HK171256 Tianjin City Service in Mandarin 2330 GMT 8 Dec 81

[Text] According to Tianjin RIBAO, the standing committee of the Tianjin Municipal CCP Committee recently held an enlarged meeting to make a conscientious study and analysis of both the present conditions in the market and the work related to prices and made some relevant decisions. The meeting decided to adopt effective measures to increase market supplies, resolutely correct arbitrary price hikes, intensify the propaganda among the masses and strictly forbid spreading rumors and making troubles so as to stabilize the prices in the markets of the municipality, safeguard the normal social order and enable the people to have a stable life.

The municipal committee emphatically pointed out that there should be no increase in the price of any commodity unless the State Council has issued a circular to that effect. All unauthorized price hikes should be immediately rescinded so as to restore the prices to the level they were before 18 November. Moreover, from now on, there should be no hikes in the state-fixed prices of any commodities in the municipality. No unit has the power to change prices without the authorization of the State Council or the relevant departments in the municipality. In order to put an end to the unhealthy trend of arbitrary price hikes, the municipal CCP committee decided to immediately begin a 2-month large-scale investigation of the market and the prices throughout the municipality to propagate in a big way the party's policies on prices. The municipal CCP committee and government will severely handle cases of violation of the price policies found in the investigation in accordance with the nature and degree of the violation and the attitude of the violators toward their mistakes. Government and even judicial punishment will be meted out to the few stores or individuals that have driven the prices up, caused confusion in the markets and caused trouble in the people's livelihood.

The CCP municipal committee pointed out that at present, there are actually some people in our society who seize the opportunity when we are adjusting our prices to spread rumors and thus stir up the people to rush to purchase some commodities. All the people in the municipality should be on their guard against these people so that they will not be taken in. The municipal committee called on all the departments in the municipality that produce or deal in daily-use consumer goods to increase market supplies, adopt every possible means to increase production, speed up transportation of the commodities in order to put them on the market promptly and do their best to enable the masses to get what they want to buy. Moreover, the municipal CCP committee called on the departments that administer and manage industry and commerce, the tax department and the public security department to closely coordinate in intensifying their management of the agricultural and sideline commodity markets. They should fix the ranges of the negotiated prices with a ceiling price for each commodity. When agricultural and sideline commodities are put up for sale, a fixed price should be marked on each of them. The practice of making a profit by selling, at higher prices, commodities that were obtained by rush or illegal purchasing should be strictly forbidden. Heavy blows should be dealt to illegal practices such as using force to monopolize a market and engaging in speculation.

The municipal CCP committee finally called on the party committees at all levels to justly and forcefully do the ideological work among the masses and patiently and painstakingly propagate and explain the party's price policies to them so as to make them understand the party's price policies and support the government in doing a good job of controlling the prices.

YAO YILIN INSPECTS TIANJIN RESERVOIR SITE

HK171300 Tianjin City Service in Mandarin 2330 GMT 10 Dec 81

[Text] According to Tianjin RIBAO, on 5 December, Vice Premier Yao Yilin, accompanied by Vice Minister of the State Capital Construction Commission Zhang Baifa, inspected the site of Panjiakou reservoir and visited the PLA commanders and fighters who are undertaking the construction of the reservoir.

As soon as he got out of his car, he listened to the reports on the construction work from the principal responsible person of the troops and the general engineer. Then, despite the bitterly cold temperature of 10 degrees below zero, he immediately went to the top of the dam of the reservoir to inspect the dam, the building of the powerplant and other major construction projects. He also looked at the network of rivers in the area of the reservoir and inquired into the details of the troops' winter construction work. He said that the construction work is near completion, and the work should be sped up in order to complete the dam and thus bring into play the economic effects of the reservoir as soon as possible. He praised the troops' spirit in bearing the hardships and encouraged the commanders and fighters to strive on to accomplish the construction of the reservoir more quickly, so as to conserve water resources which will be sent to Tianjin and Tangshan.

During his inspection of the reservoir, Vice Premier Yao Yilin listened to the reports of Liu Guang, secretary of Tangshan prefectural CCP committee, Liu Minghua, deputy commissioner of the administrative office and the leading comrades of Kuancheng and Qianxi Counties. He also inquired into the details of the lives of the people who had moved away from the reservoir areas which are going to be covered by water.

TIANJIN HOLDS REPORT MEETING ON HUANG HE PROJECT

HK180414 Tianjin City Service in Mandarin 2330 GMT 3 Dec 81

[Text] The Tianjin Municipal CCP Committee and people's government convened yesterday afternoon at the No 2 workers cultural palace a report meeting on the project of diverting water from the Huang He to relieve Tianjin. Present at the meeting were 2,000 or more people, including the leading comrades of the municipal CCP committee, people's government and the Tianjin Garrison Command such as Hu Qili, Liu Gang, Wu Zhen, Chen Bing, Li Ruihuan, Bai Hua, Wu Ziyuan and so on, and cadres at different levels of the city. First of all Wu Zhen made at the meeting a report on the visit to the Provinces of Henan, Shandong and Hebei paid by the Tianjin delegation who were sent to extend the gratitude and greeting of the city's residents to the people of the three provinces for their contributions in engaging in the Huang He water diversion project. He said that without the enthusiastic support of the people of the three provinces, the people's livelihood and the industrial production in our city could not have been going on normally. Witnessing the great deal of work that the people of the three provinces had done and the results achieved, the delegation was really satisfied. During the visit, we did take a profound lesson through seeing and hearing a lot of heroic and moving deeds of the people of the three provinces. Elaborating on the issue of how to make good use of the water that the people of the three provinces gave to us, Comrade Wu Zhen put forth the following five tasks to be accomplished:

- 1) Earnestly remind all people in the city that the water of the Huang He has not come easily, and appeal to them to treasure and save every drop of water.
- 2) We must understand that water still remains in short supply at present. Therefore, all units must continue to keep an eye on the implementation of the measures for water conservation, and strictly carry out the water rationing system. We can never lower our guard against this matter.
- 3) We must vigorously promote scientific experiments in water conservation, seawater cooling engineering, desalination of seawater and brackish water, sewage treatment, and so on, so as to prepare conditions for tapping new water sources and establishing economic systems for saving water.
- 4) We must learn from the lofty work style and revolutionary spirit of the people of the three provinces. The cadres and masses on all fronts in the city should work cautiously and conscientiously, and promote production vigorously, so as to fulfill or overfulfill the national economic plan for this year.
- 5) To show our appreciation for the help of the people of the three provinces, we must develop an alliance and coordination with these provinces, while consolidating the worker-peasant alliance.

HEILONGJIANG MEETING EMPHASIZES PUBLIC SECURITY

SK160450 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 15 Dec 81

[Excerpts] Li Lian, second secretary of the provincial CCP committee, delivered a speech at a meeting of secretaries in charge of politics and legal affairs, directors of political and legal offices and chiefs of public security, procuratorial and judicial departments and organs subordinate to the courts. In his speech, Li Lian said, political and legal work should concentrate on strengthening social order. We should exert ourselves and strive to make further improvements in urban and rural public security.

Comrade Li Lian said, it is necessary to mobilize the whole party and all fronts and to implement the principle of giving equal consideration to both urban and rural public security while emphasizing urban social order. To attack sabotage activities of active counterrevolutionaries and criminals, it is also necessary to combine work in urban and rural areas, inside and outside of our units, attack and prevention, temporary solution and permanent cure. It is imperative to severely punish, according to the law, murderers, rapists, robbers, arsonists, criminals guilty of causing explosions and other criminals seriously endangering social order. In urban areas, robbery, rape and theft must be stopped. In rural areas, grain and livestock theft and gambling must be stopped. Further efforts must be made to improve public security in urban and rural areas, especially large and medium-size cities.

In his speech, Comrade Li Lian confirmed achievements scored by the political and legal fronts in the past year, pointed out existing problems and analyzed the urban and rural public security situation.

The meeting of secretaries in charge of politics and legal matters, directors of political and legal offices and chiefs of public security, procuratorial and judicial departments and organs subordinate to courts was held 8-15 December. The meeting relayed speeches of central leading comrades and guidelines of the national meeting of chief procurators, the meeting of public security directors, the third work conference on criminal trials and the first national people's mediation work conference. The meeting exchanged experiences and discussed and made arrangements for future work.

HEILONGJIANG WOMEN VOLLEYBALL PLAYERS NOTED

OW110222 Beijing XINHUA Domestic Service in Chinese 1218 GMT 10 Dec 81

[Report by XINHUA correspondent Chen Jianfa]

[Excerpts] Beijing, 10 Dec (XINHUA) -- In a recent report to the State Physical Culture and Sports Commission, the Heilongjiang provincial physical cultural and sport committee said that it is ready to deliver "eight golden flowers," meaning eight promising women volleyball players who are over 1.8 meters tall, to the Chinese women's volleyball team. To find out more about this matter, this reporter called on Yang Yichen, first secretary of the Heilongjiang Provincial CCP Committee, who is attending the Fourth Session of the Fifth NPC.

Yang Yichen said, that to provide the Chinese women's volleyball team a solid reserve force so that more and more athletes like Sun Jinfang, Lang Ping and Zhou Xiaolan can be trained, we have specially chosen eight young girls from the provincial physical culture team and the provincial schools and physical education so that they can undergo scientific training for the state team. They are over 1.8 meters tall and between 15 and 16 years old. The common characteristics of these young girls are: They love sports and have lofty ambition to win honors for the state; they are in excellent physical health and have undergone over 1 and 1/2 years of special training; and they are young and growing. It seems that some of them may grow to be around 1.9 meters tall.

JILIN AGRICULTURE RESPONSIBILITY SYSTEM MEETING

SK170425 Changchun Jilin Provincial Service in Mandarin 2200 GMT 16 Dec 81

[Excerpt] The provincial CCP committee held a telephone conference on the evening of 16 December emphasizing some questions concerning the establishment and improvement of responsibility systems in agriculture during the coming winter-spring period. Attending the conference were Zhang Gensheng, secretary of the provincial CCP committee, and Mu Lin, standing committee member of the provincial CCP committee and deputy governor of the province.

Wang Jiping, deputy governor of the province, spoke at the conference. In accordance with the reality of existing responsibility systems in agriculture, Wang Jiping emphasized that leaders at all levels must grasp the establishment, readjustment and improvement of responsibility systems as the central task of rural work at the present. There is only a month left until the spring festival, but there are many tasks to be fulfilled. Next spring will be short, therefore, we must start early to make preparations for next year's plowing and sowing. However, doing a good job in responsibility systems is the only way to promote this work. Everybody must understand that to do a good job in responsibility systems means reforming the method of management, the administration of labor force and the system of payment calculation, readjusting the relations of production in accordance with productive energies of local communes and brigades and arousing peasants' enthusiasm for developing production. The workload is no lighter than that of the cooperative movement. Therefore, leaders at all levels must understand the importance, complexity and arduousness of this job, so as to grasp it effectively and promote other work as well.

JILIN DRAFTS FARMING RESPONSIBILITY REGULATIONS

SK180920 Changchun Jilin Provincial Service in Mandarin 1100 GMT 17 Dec 81

[Excerpts] The drafting of the Jilin provincial regulations on the implementation of the farming responsibility system in rural communes for trial use has been completed under the sponsorship of the provincial agricultural commission. They will soon be promulgated.

Including a preamble, the regulations fall into 7 chapters with 54 articles. Chapter one is devoted to general principles, chapters two through five to the four major forms of the responsibility system practiced in the province, chapter six to the personal responsibility system of cadre and chapter seven to contracts.

The regulations for trial use summarize and elucidate in broad outline the distinct characteristics of the various forms of the responsibility system, their adaptability, contract methods and matters needing attention, providing many concrete guiding suggestions.

The regulations for trial use clearly point out: Implementing the responsibility system in production, especially the system of calculating payments on the basis of output, is, in effect a partial readjustment of production relations aimed to adapt production relations to the development of productivity. Therefore, the principle of four unchanges must be upheld in the implementation of the responsibility system. The collective orientation should remain unchanged; public ownership of means of production should remain unchanged; the principle of collectives implementing the responsibility system should remain unchanged; and the principle of introducing diverse forms of the responsibility should remain unchanged.

The regulations repeatedly emphasize that in implementing the responsibility system, it is essential to adapt measures to local conditions and proceed from the realities. Diverse forms of the system should be introduced and no one should seek uniformity in this matter. The rights to select which form of the system should be genuinely entrusted to the masses.

HSIN WAN PAO VIEWS SINO-U.S. RELATIONS IN 1981

HK130828 Hong Kong Hsin Wan Pao in Chinese 13 Dec 81 p 1

["New Talk" column: "A Look at Sino-U.S. Relations as the Year Ends"]

[Text] The year 1981 will soon be gone. As far as Sino-U.S. relations are concerned, the year began with doubts and also ended with doubts. During the intervening time, it should be said that relations between the two countries have shown development; China and the United States have taken balanced action to preserve peace, while there has been continual progress in bilateral exchanges.

The doubts at the beginning of the year were caused by the issue of whether Chiang Yen-shih would be invited from Taiwan to take part in President Reagan's inauguration, which would have created a "two Chinas" scenario. This doubt was solved when Chiang Yen-shih "went into a hospital with a cold" after receiving the notification. The current doubts, as the year draws to a close, stem from the question of whether Reagan will sell arms to Taiwan.

It is evident that the doubts were caused by the United States, the Reagan administration, not by China. Since it is the U.S. side that has caused the doubts, it is they who will have to give the answers. If their answers are correct, Sino-U.S. relations will forge ahead; if incorrect, the result will be a big retrogression. China has already made it very plain that she will give different responses to different answers.

A senior State Department official was still saying yesterday that the maintenance of unofficial Washington-Taipei relations includes the selling of arms; what arms to sell depends on Taiwan's genuine defense needs. By saying this, the premise for consideration is already wrong, and since the premise is wrong, the answer will very probably be wrong also.

That the United States wants to sell arms to Taiwan just means that, for reasons of the past, the United States is committed to guaranteeing Taiwan's peace and tranquillity. Taiwan is a province of China, and China can only be still more concerned than the United States for the peace and tranquillity of Taiwan. Beijing is currently endeavoring to accomplish the peaceful reunification of China, to avoid mutual injury among brothers. Without external interference, it is completely possible to accomplish peaceful reunification, and Taiwan's peaceful life will be genuinely assured. By reuniting after a split, the nation will be still stronger; Taiwan's fundamental security interests lie in unification with the mainland. If the United States sells arms to Taiwan, and blocks China's reunification, it is quite evident that will endanger peace and tranquillity.

Since some American newspapers said that the Taiwan issue will be decided in Washington, not in Beijing, China's publicity media pointed out the similarities between these high-handed words and the Brezhnev "theory of limited sovereignty." Some people then said that China has changed its policy and regards the United States in the same light as it does the Soviet Union.

Actually, China has consistently pursued its diplomacy in accordance with the three-world theory. There is certainly not just one First World superpower. At the same time, China realizes that Soviet hegemonist expansion is not just aimed at the developing countries of the Third World and at Japan and Western Europe in the Second World, but is aimed still more at the United States; all countries opposed to Soviet expansion and aggression can unite, and of course this requires the efforts of all sides.

Antihegemonist unity is based on principle. China's resolution and actions in opposition to the large and small hegemonisms of the Soviet Union and Vietnam in recent years have been obvious to all. No kind of hegemonism can be tolerated. Since people have seen China's resolute stand in not hesitating to use its veto in the Security Council 16 times in order to uphold the rights of the Third World, they should know that China will never yield in the least on principles of preserving sovereignty.

As we enter a new year, let us see if the Reagan administration can turn over a new leaf and overcome the bad hegemonist habits that certain of its members have had for a long time.

CPPCC MEMBERS URGE GANG OF FOUR EXECUTIONS

HK161236 Hong Kong HSIN WAN PAO in Chinese 16 Dec 81 p 4

[Dispatch: "Some People Suggest That Jiang Qing and Zhang Chunqiao Be Executed so Their Remnant Supporters Will Cherish No Illusion of Returning to Power"]

[Text] Beijing, 16 Dec -- Some people have suggested here that Jiang Qing and Zhang Chunqiao be killed so as to warn the remnant supporters of the "gang of four."

Members of the "gang of four" Jiang Qing, Zhang Chunqiao, Wang Hongwen and Yao Wenyuan have been imprisoned for nearly a year. In his report delivered at the NPC session, the chief procurator Huang Huoqing said: The trial of the "gang of four" was a trial of justice, people and history. Three reports were delivered that day and his report was the only one that won applause. However, some CPPCC members maintain that we have not yet won a complete victory. They have suggested that Jiang Qing and Zhang Chunqiao be executed so that the remnant supporters of the "gang of four" will cherish no illusion of returning to power.

Jiang Qing and Zhang Chunqiao received a 2-year suspended death sentence. In January 1983, they will complete their term of probational imprisonment.

MINISTRY OF FINANCE OFFICIAL ON PRC INCOME TAX

HK120452 Hong Kong WEN WEI PO in Chinese 9 Dec 81 p 3

[Dispatch from correspondent Cheng Hsiang [4453 5046] "Revenue General Bureau Explains the Tax Law"]

[Text] After China's announcement of the "Foreign Enterprise Income Tax Draft Law" yesterday, foreign businessmen in Beijing showed great concern. All copies of the English newspaper CHINA DAILY at the Beijing restaurant were sold out early today. A British businessman said to the correspondent: Everyone was discussing this matter yesterday, but no one wanted to comment before he got a complete picture of the tax law. To give Hong Kong and Macao businessmen a better understanding of some principles of this law and its impact, this correspondent saw the relevant responsible persons of the revenue general bureau of the Ministry of Finance and asked them to give further explanations about the tax law. Details about the interview are given below:

Q: What is the general principle of this foreign enterprise income tax law drawn up by China?

A: The general principle is to make the tax rates low, simplify the procedures and give preferential treatment.

Q: How can low tax rates be achieved?

A: This law provides for tax rates ranging from a minimum of 20 percent to maximum of 40 percent. Given the total tax burden of enterprises between 30 and 50 percent with a 10 percent local surtax, those enterprises with an annual income below 1 million yuan are subject to a total tax burden of less than 37.5 percent. For those large enterprises with an annual income of 10 million yuan or more, such as those undertakings which will engage in tapping oil, coal and other resources, the tax rate is also not likely to exceed 50 percent. Whether for large or small enterprises, these tax rates are lower than those in other countries or regions. At present, the overwhelming majority of cooperative enterprises involve Hong Kong and Macao companies with a relatively small amount of capital. Their annual income is generally below 1 million yuan. Thus, their tax burden is relatively light. Therefore, as far as Hong Kong and Macao investors are concerned, this law is very favorable. It is also not unfavorable to large enterprises and those engaged in tapping oil and other resources. Our principle is to give foreign businessmen a chance to make profits. The highest of our tax rates does not exceed 50 percent. The level is appropriate and is not so high as to leave foreign businessmen no chance to make profits, nor so low that after returning to their countries businessmen have to pay more taxes to their own governments. The tax rates are also on the low side compared with those levied on domestic enterprises. Of course, state-run enterprises all of whose profits must be surrendered to the state cannot be used as a basis of comparison. But the tax rate imposed on domestic collective enterprises is as high as 55 percent, which is much higher than the income tax levied on foreign enterprises. Therefore, it can be said that this law is an embodiment of the principle of low tax rates.

Taxes Levied on Oil Enterprises Are a Little Too High, But This Can Prevent the Payment of Taxes to Their Own Governments

Q: How can the principle of simplifying the procedure be realized?

A: We have designed this method of taxation to fit various trades and different enterprises, large and small, in order to avoid discrimination in taxation and help investors apply for tax deductions from their own countries. For example, some trades with relatively high profits, such as oil enterprises, are not required to pay taxes now to their own governments just because our tax rates are on the low side. This helps avoid overlapping or double taxation. Also, no further taxes are imposed other than a basic tax rate and a local surtax. Unlike other countries, we impose no taxes on profits remitted abroad by foreign businessmen. This means saving step in procedure.

Q: How is the principle of preferential treatment realized with the introduction of this law?

After the Introduction of the New Tax Law, the Branches of Foreign Enterprises in China Will Pay Less Tax

A: First of all, the enterprises will enjoy a longer period of tax exemption; second, they will be able to make up for losses; and third, they are subject to taxation only from the first profit-making year. The enterprises are offered more preferential treatment by the tax law in our country than elsewhere. In addition to this, the provincial, municipal and autonomous prefectural governments can, in accordance with the local conditions, decide whether a local surtax can be exempted.

Q: Will the promulgation of this tax law have a great impact on corporations which have already set up branches in China?

A: Currently, in places such as Guangdong, Fujian and Shanghai, many foreign and Chinese joint venture enterprises are taxed in accordance with the income tax rate of industrial and commercial enterprises fixed in the early 1950's which is 34.5 percent. With a surtax on top of the original income tax rate of industrial and commercial enterprises, the actual burden shouldered by the enterprises amounts to 69 percent. The promulgation of the new tax law will supersede the old industrial and commercial enterprises taxation regulations.

However, the highest tax rate levied in accordance with the new tax law will be below 50 percent. In other words, as far as foreign enterprises which have already set up branches in China are concerned, their burden will be greatly relieved.

Q: At present, many enterprises have only set up offices in Beijing for the purpose of liaison and not for the sake of carrying out trade. Are they subject to taxation after the promulgation of the new tax law?

Foreign Offices in China Are Subject to Taxation

A: Regarding those foreign offices set up in Beijing which really do not have any sources of revenue, they will be dealt with in accordance with the international practice. The international practice stipulates that 5 to 10 percent of the enterprise's annual expenditure will be considered as its income on which assessment of taxes will be made. China is going to follow this practice.

Q: This law stipulates that it is necessary to pay a provisional tax on interest payments to foreign banks; will this cause great losses to the interest income on the foreign loans? For in many current agreements on loans extended by the foreign banks to China, it has been stipulated that the lender is responsible for the tax payments.

Whether Joint Venture or Independent Operation Is More Advantageous? Taxation Varies in Accordance With Different Situations

A: Regarding this question, there are two different situations. First, interest on loans extended by the international monetary organizations to the Chinese Government and China's national banks is tax-free. However, interest on loans paid by the Chinese enterprises to foreign banks is subject to this provisional tax. This has to be taxed although we did not do such a thing in the past. In the future, we are going to levy a 20 percent provisional tax on the grounds that even if we do not, the foreign businessmen still have to pay taxes to their local governments. This would mean that we are giving for nothing to foreign governments the tax income that we should get. Thus, levying this tax is justifiable.

Q: The call for tenders for oil exploitation in the South China Sea will be published soon, and the businessmen are concerned about whether China will impose a tax on wind-fall profits of this project.

A: All I can say is that at the present stage, we still have no intention of doing that.

Q: When will the articles relating to the implementation of this new tax law be promulgated?

A: We will try to promulgate the law within 3 months' time.

Q: As far as tax laws concerning joint ventures using Chinese and foreign investment, which is the more advantageous form for foreign businessmen to invest in China, joint venture or independent operation?

A: Foreign businessmen's investment in China, whether in the form of joint venture or independent operation, is determined by numerous factors; and unless the difference of the tax rates is very great, this will not be a major factor to consider. As far as the ordinary medium-and small-scale enterprises are concerned, the tax rates of both forms are more or less the same. However, regarding large-scale enterprises, the tax rate stipulated in the law for enterprises run with foreign investment only is a little higher. But according to this law, money remitted outside of the country is tax-free, whereas for joint venture enterprises, a 10 percent income tax will be levied on money remittances outside of the country. That is why we say that these two laws have their own characteristics and have been formulated to suit completely different situations. It is hard to say which one enjoys more favorable conditions.

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